Barney D. Jones
George P. Jones
Harold O. Jones
Harold F. Keller
Robert J. Larsen
John LeMay, Jr.
Ralph E. Lower
William R. Lucas
Fletcher B. Maddox
Mildridge E. Mangum
John M. McLaurin, Jr.
Henry D. Menzies
Frank J. Michel
Jack A. Miller
Vivian M. Moses
John W. Murphy
Glenn W. Nelson
Charles M. Nettles
LaVern J. Oltmer
Walter E. Ottmer
William M. Peek, Jr.
Donald G. Petersen
Mervin B. Porter
J. Bruce Powers
Eugene L. Reinstein
James F. Roberts
Gene Robertson
Fred B. Rogers
Thomas J. Ross
Carroll D. Rowe
Vincent A. Rutherford
Angelo J. Sammartino
James A. Sawyer
Benjamin B. Selvitelle, Jr.
Richard K. Sheridan
Emmett W. Skinner, Jr.
Ardath C. Smith
Leland R. Smith
Edward P. Stamford
Earnest H. Stone, Jr.
Harry D. Stott
Frank L. Stranieri
William T. Taylor, Jr.
Lawrence C. Switzer, Jr.
David W. Thomson
Marion G. Truesdale
Charles A. Turpin
Gerald A. Valeske
John W. Walker
William M. Watkins, Jr.
Don E. Wegley
Norman C. Wiley
Dwain Wise
George P. Wolf, Jr.
Richard M. Woodard
Robert E. Young
Nicholas Zabitchuck
William A. Affleck, Jr.
William C. Airheart
Robert W. Allen
Lonnie B. Baites
Thomas C. Billings
Harry J. Blackwelder
Ralph E. Bowen
Martin Capages
Walter E. Carr
Henry N. Carrier, Jr.
George M. Carter
William G. Carter
Benjamin E. Cole 3d
Ralph D. Coplan
Robert D. Cullison
Leslie L. Davenport
Raymond R. Davis
Thomas B. Dewett, Jr.
Joseph DiFrank, Jr.
John F. Driftmier
William R. Duncan
Stanley G. Dunwiddie, Jr.
Robert C. Evans
Ernest P. Freeman, Jr.
David P. Graf
Jack R. Grey
Willis L. Gore
Malcom C. Hagan
William A. Harper
William F. Harrell
Robert G. Hayton
Wesley W. Hazlett
Alvin T. Hess
James D. Hill
John Hockman
Roy J. Irwin
John J. Jarvis, Jr.
Philip W. Kelly
Roy J. Leite, Jr.
William R. Lobell
Kenneth A. Matheson
Samuel "I" McElhoes
Perry P. McRobert
Eugene W. Meyer
Dan L. Mills
James G. Moffat
Paul R. Nugent
Thomas J. O'Mahoney
Richard H. Peacock
David D. Peppin
Raymond H. W. Pett
John T. Pritchard, Jr.
Leonard D. Reid
Robert V. Reilly
Gerald F. Schultz
Frederick P. Schweithelm
Gene P. Scott
Leroy A. Seipp
Beryl B. Sessions
William E. Shea
Marvin R. Stout
Walter E. Sullivan, Jr.
Justin C. Tobias
Dwight W. Trowbridge
Raymond L. Valente
William G. "G" Van Buskirk
Leo G. Wears
Alexander Wilson
Raymond M. Windon
Robert D. Winn
William T. Witt, Jr.
Harry R. Wortham

CONFIRMATIONS

Executive nominations confirmed by the Senate July 23 (legislative day of July 5), 1946:

DEPARTMENT OF JUSTICE

George Thomas Washington to be Assistant Solicitor General of the United States.

UNITED STATES DISTRICT JUDGE

Raymond W. Starr to be United States district judge for the western district of Michigan.

JUVENILE COURT FOR THE DISTRICT OF COLUMBIA

Fay L. Bentley to be judge of the juvenile court for the District of Columbia.

UNITED STATES ATTORNEYS

Frank J. Hennessy to be United States attorney for the northern district of California.

James M. Carter to be United States attorney for the southern district of California.

UNITED STATES MARSHALS

Ford S. Worthy to be United States marshal for the eastern district of North Carolina.

Neale D. Murphy to be United States marshal for the district of Rhode Island.

Gilbert Mecham to be United States marshal for the district of Utah.

Albert A. Sanders to be United States marshal for the district of Wyoming.

POSTMASTERS

ALABAMA

Denzil G. Dorrill, Banks.
William A. Parr, Landersville.
Walter R. Warrick, Marbury.
Kathryn M. Hodges, Mount Olive.
Luther B. Sprott, Sprott.
Lucy Vance, Vance.
Mamie K. Gunlock, Wilton.

ALASKA

Jennie Ferne Hollis, Healy Fork.
Frank Shotter, Hoonah.

ARIZONA

Jesse P. Hamilton, Morristown.
Anna M. Hall, San Simon.

ARKANSAS

William C. Mayfield, Hindsville.
Foster B. Dowell, Tuckerman.

CALIFORNIA

Edith C. McCright, Highgrove.
Marian C. Milligan, Hinkley.
Geraldine R. Ferry, Milpitas.
Laura B. Huglin, Pescadero.
Arthur Couillard, Soda Springs.
Elijah A. Russell, Yolo.

CONNECTICUT

Marian E. Ryan, Plymouth.

FLORIDA

Robert A. Swain, Anthony.
Lee Rutledge, Polk City.
Ward S. Estey, Tangerine.
Norma M. Knotts, Yankeetown.

GEORGIA

John A. Johnson, Bowersville.
Robert J. Singleton, Clayton.
Silas W. Nicholson, Esom Hill.

ILLINOIS

James E. Pollard, Cerro Gordo.
Frances E. O'Connor, Wataga.

IOWA

Ferdinand J. Ruff, South Amana.

KENTUCKY

Thelma C. Nixon, Luretha.
Harry Greene, Milburn.

LOUISIANA

Marie Carmadelle, Barataria.

MASSACHUSETTS

Stanley E. Chase, Caryville.
Otis H. Barton, Eastham.
Albert G. Sharrock, East Freetown.
Jean R. Raymond, East Sandwich.
Raymond Scrivens, North Eastham.
Charles H. Baldwin, Norwell.
Charles G. Starratt, Ocean Bluff.

MISSISSIPPI

John A. Gerard, Bude.
Hugh R. Varnado, Pickens.

MISSOURI

Eugene Edgar Plemmons, Brumley.
William E. Sisk, Henrietta.

MONTANA

Esther M. Evans, Colstrip.
Thomas S. Walshe, Pompeys Pillar.
Cecil F. MacDonald, St. Regis.

NEW YORK

Chapman A. Miller, Cross River.
Margaret E. Owen, Newcomb.
Erma A. King, Portageville.
Alice B. McGee, South Bethlehem.

NORTH CAROLINA

Mildred C. Finley, Cedar Grove.
Dillon C. Peel, Everetts.
W. Raymond Deal, Little Switzerland.

OREGON

Enid M. McAboy, Deer Island.
Laurie K. Marriott, Goshen.
Margaret E. Sheehan, Lakeside.
George E. Edmiston, Rieth.
Arden S. Jordan, Rufus.
Bessie M. Hopper, Wolfcreek.

SOUTH CAROLINA

Sybil H. Pate, Dorchester.
Willie Mae Arant, Fort Motte.
Ruth C. Cox, Rowesville.
Homer Griffith, Salem.
Russell F. Jones, Wedgefield.

TEXAS

Eula J. Aiken, Chriesman.
Robert B. Truett, Franklin.
Edgar A. Rummel, Ledbetter.
J. Maxwell Holder, Nolan.
Robert M. Carson, Reklaw.
Rufus E. Maze, Rock Island.
Benedicta B. Madrid, San Elizario.
Minnie D. Moore, San Perlita.

VIRGINIA

Walter A. Blane, Alton.
Ada R. Fristoe, Bentonville.
Pearl J. DeBord, Chatham Hill.
Effie L. Godman, Coles Point.
Marion C. Sowder, Elberon.
Augustus M. Raney, Freeman.
Brondell L. Larrick, Gore.
Annie L. Barton, Hardy.
Milton L. Albert, McCoy.
Hiram H. Vermillion, Mendota.
Albert S. Will, Quicksburg.
Arthur W. Somner, Skippers.
William T. Brittingham, Temperanceville.

WASHINGTON

Georgia I. Clark, Twisp.

HOUSE OF REPRESENTATIVES

TUESDAY, July 23, 1946

The House met at 10 o'clock a. m.

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

Most merciful and gracious God, in these turbulent and anxious days may we have a more radiant vision of the presence and power of the eternal Christ, who alone can redeem our humanity and reconcile all differences and discords and merge them into a joyous harmony.

Grant that we may feel the thrill and throb of a new world in the making. Give us the unconquerable assurance that there will be the dawning of a new day when men everywhere shall be bound together by the same spirit of service and sacrifice and united in one solemn and holy aspiration to fulfill the will of God.

We pray that we may count it our highest wisdom to enthrone Thy will in our own lives and our highest calling to incarnate and reproduce the spirit of our blessed Lord.

To Thy name we ascribe all the praise. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Gatling, its enrolling clerk, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 225. Joint resolution to quiet the titles of the respective States, and others, to lands beneath tidewaters and lands beneath navigable waters within the boundaries of such States and to prevent further clouding of such titles.

The message also announced that the President pro tempore had appointed Mr. MILLIKIN a conferee on the part of the Senate to the committee of conference on the disagreeing votes of the two Houses on the amendments of the House of Representatives to the bill (S. 1717) entitled "An act for the development and control of atomic energy," vice Mr. AUSTIN, excused.

LAWS RELATING TO THE PHYSICALLY HANDICAPPED

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report (Rept. No. 2630) a privileged concurrent resolution (H. Con. Res. 160) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That the handbook entitled "Laws Relating to the Physically Handicapped" be printed as a House document, and that 12,000 additional copies shall be printed for the use of the Committee on Labor of the House of Representatives.

The resolution was agreed to.

A motion to reconsider was laid on the table.

HANDBOOK FOR SERVICEMEN

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 722.

The Clerk read the resolution, as follows:

Resolved, That a revised edition of House Document No. 134, Seventy-ninth Congress, first session, entitled "Handbook for Servicemen and Servicewomen of World War II and Their Dependents, Including Rights and Benefits of Veterans of World War I and Their Dependents," with corrections restricting it to rights, benefits, and privileges of veterans of wars and their dependents, be printed as a public document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REVIEW OF REPORTS ON PORTLAND HARBOR, MAINE

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 723.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on May 4, 1943, including a report from the Chief of Engineers, United States Army, dated October 26, 1942, together with accompanying papers and an illustration, on a review of reports on Portland Harbor, Maine, with a view to determining whether the removal of Soldier Lodge in Hussey Sound and certain additional shoal areas in Casco Bay, Maine, is advisable requested by resolutions of the Committee on Rivers and Harbors, House of Representatives, adopted on December 3, 1941, and March 12, 1942, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CHANNEL FROM PASS CAVALLO TO PORT LAVACA, TEX.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 724.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on February 11, 1944, including a report from the Chief of Engineers, United States Army, dated December 10, 1943, together with accompanying papers and an illustration, on a review of reports on channel from Pass Cavallo to Port Lavaca, Tex., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on January 21, 1942, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SACKETS HARBOR, N. Y.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 725.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on February 10, 1944, including a report from the Chief of Engineers, United States Army, dated January 6, 1944, together with accompanying papers and an illustration, on a review of reports on Sackets Harbor, N. Y., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on December 8, 1941, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

BOSTON HARBOR, MASS.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 726.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on October 11, 1943, including a report from the Chief of Engineers, United States Army, dated April 28, 1943, together with accompanying papers and an illustration, on a review of reports on Boston Harbor, Mass., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on December 10, 1941, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DETROIT RIVER, MICH.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 727.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on August 4, 1943, including an interim report from the Chief of Engineers, United States Army, dated October 26, 1942, together with accompanying papers and an illustration, on a review of reports on the Detroit River, Mich., concerning only that portion known as the American Channel north of Belle Isle between Windmill Point and Fairview Slip, Detroit, Mich., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on May 20, 1941, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ERIE HARBOR, PA.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 728.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on June 17, 1943, including a report from the Chief of Engineers, United States Army, dated October 26, 1942, together with accompanying papers and an illustration, on a review of reports on Erie Harbor, Pa., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on October 13, 1941, and subseqpent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CALOOSAHATCHEE RIVER AND LAKE OKEECHOBEE DRAINAGE AREAS, FLA.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 729.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on October 15, 1943, including a report from the Chief of Engineers, United States Army, dated June 5, 1943, together with accompanying papers and an illustration, on a review of reports on, and a preliminary examination and survey of, the Caloosahatchee River and Lake

Okeechobee Drainage Areas, Fla., with a view to the construction of side channels, requested by resolutions of the Committee on Rivers and Harbors and also authorized by the River and Harbor Acts, approved on August 26, 1937 and June 20, 1938, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

HOUSTON SHIP CHANNEL, TEX.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 730, authorizing that the report from the Chief of Engineers, United States Army, dated August 21, 1943, on a review of reports on Houston Ship Channel, Tex., and subsequent correspondence in relation thereto, be printed, with five illustrations, as a House document.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on February 5, 1944, including a report from the Chief of Engineers, United States Army, dated August 21, 1943, together with accompanying papers and five illustrations, on a review of reports on Houston Ship Channel, Tex., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on April 24, 1941, and subsequent correspondence in relation thereto, be printed, with illustrations, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

HONOLULU HARBOR, HAWAII

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 731, authorizing that the report from the Chief of Engineers, United States Army, dated October 24, 1941, on a review of reports on Honolulu Harbor, T. H., and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on February 9, 1942, including a report from the Chief of Engineers, United States Army, dated October 24, 1941, together with accompanying papers and an illustration, on a review of reports on Honolulu Harbor, T. H., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on June 20, 1941, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

MOBILE HARBOR, ALA.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 732, authorizing that the report from the Chief of Engineers, United States Army, dated October 26, 1942, on a review of reports on Mobile Harbor, Ala., and subsequent correspondence in relation thereto be printed, with two illustrations, as a House document.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on June 12, 1943, including a report from the Chief of Engineers, United States Army, dated October 26, 1942, together with accompanying papers and two illustrations, on a review of reports on Mobile Harbor, Ala., requested by a resolution of the Committee on Rivers and Harbors of the House of Representatives, adopted on June 20, 1941, and subsequent correspondence in relation thereto, be printed, with illustrations, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

INTRACOASTAL WATERWAY FROM JACKSONVILLE, FLA., TO MIAMI, FLA.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 733, authorizing that the report from the Chief of Engineers, United States Army, dated October 26, 1942, on a review of reports and a preliminary examination and survey of the Intracoastal Waterway from Jacksonville, Fla., to Miami, Fla., and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on June 9, 1943, including a report from the Chief of Engineers, United States Army, dated October 26, 1942, together with accompanying papers and an illustration, on a review of reports on, and a preliminary examination and survey of the intracoastal waterway from Jacksonville, Fla., to Miami, Fla., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on June 8, 1938, and a resolution of the Committee on Commerce, United States Senate, adopted on June 17, 1942; and also authorized by the River and Harbor Act approved on June 20, 1938, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

BALTIMORE HARBOR AND CHANNELS, MD.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 734, authorizing that the report of the Chief of Engineers, United States Army, dated June 30, 1942, on a preliminary examination of and review of reports on Baltimore Harbor and Channels, Md., and subsequent correspondence in relation thereto, be printed with two illustrations, as a House document.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on March 11, 1943, including a report from the Chief of Engineers, United States Army, dated June 30, 1942, together with accompanying papers and two illustrations, on a preliminary examination and survey of, and review of reports on, Baltimore Harbor and Channels, Md.; Curtis Creek, Md.; and Cut-Off Channel to inland waterway from Delaware River to Chesapeake Bay, requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on January 11, 1932, and August 21, 1937; and also authorized by River and Harbor Acts approved on August 26, 1937, and June 20, 1938, and subsequent correspondence in relation thereto, be printed with two illustrations, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

WATERWAY FROM MIAMI TO KEY WEST, FLA.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 735, authorizing that the report from the Chief of Engineers, United States Army, dated October 26, 1942, on a review of reports on the waterway from Miami to Key West, Fla., and subsequent correspondence in relation thereto, be printed, with three illustrations, as a House document.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on June 9, 1943, including a report from the Chief of Engineers, United States Army, dated October 26, 1942, together with accompanying papers and three illustrations, on a review of reports on the waterway from Miami to Key West, Fla., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on August 1, 1940, and subsequent correspondence in relation thereto, be printed, with illustrations, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PENSACOLA HARBOR, FLA.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 736, authorizing that the report from the Chief of Engineers, United States Army, dated April 3, 1943, on a review of reports on Pensacola Harbor, Fla., and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Acting Secretary of War, transmitted to the Speaker of the House of Representatives on July 31, 1943, including a report from the Chief of Engineers, United States Army, dated April 3, 1943, together with accompanying papers and an illustration, on a review of reports on Pensacola Harbor, Fla., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on June 10, 1941, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SITKA HARBOR, ALASKA

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 737, authorizing that the report from the Chief of Engineers, United States Army, dated March 14, 1944, on a review of reports on Sitka Harbor, Alaska, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on April 17, 1944, including a report from the Chief of Engineers, United States Army, dated March 14, 1944, together with accompanying papers and an illustration, on a review of reports on Sitka Harbor, Alaska, requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on October 24, 1941, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PONCE HARBOR, P. R.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 738, authorizing that the report from the Chief of Engineers, United States Army, dated May 21, 1942, on a review of reports on Ponce Harbor, P. R., and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on July 22, 1942, including a report from the Chief of Engineers, United States Army, dated May 21, 1942, together with accompanying papers and an illustration, on a review of reports on Ponce Harbor, P. R., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on March 9, 1939, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SKAGWAY HARBOR, ALASKA

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of a resolution (H. Res. 739) which I send to the Clerk's desk.

The Clerk read the resolution, as follows:

Resolved, That the letter from the Secretary of War, transmitted to the Speaker of the House of Representatives on June 15, 1942, including a report from the Chief of Engineers, United States Army, dated April 11, 1942, together with accompanying papers and an illustration, on a review of reports on the Skagway Harbor, Alaska, with a view to determining if the existing project should be modified in any way, requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on May 20, 1941, and subsequent correspondence in relation thereto, be printed, with an illustration, as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. LANE asked and was given permission to extend his remarks in the RECORD and include a resolution relating to Palestine adopted at a convention at Boston, Mass., by the Italian World War Veterans.

Mr. BIEMILLER asked and was given permission to extend his remarks in the RECORD concerning a bill which the gentleman from Tennessee [Mr. KEFAUVER] and he introduced and include the text of the bill and various statements concerning it.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD and include an editorial which appeared in the Washington Post and a resolution offered by the gentleman from New Hampshire [Mr. MERROW].

Mr. DONDERO asked and was given permission to extend his remarks in the RECORD.

Mrs. LUCE asked and was given permission to extend her remarks in the RECORD and include two newspaper editorials.

Mr. ABERNETHY asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a set of the finest editorials I have ever read, from the Memphis Commercial Appeal, exposing the dangers of communism in America.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

RAILROAD REORGANIZATION

Mr. SABATH. Mr. Speaker, I call up House Resolution 687 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5924) to enable debtor railroad corporations, whose properties during a period of 7 years have provided sufficient earnings to pay fixed charges, to effect a readjustment of their financial structure without further proceedings under section 77 of the Bankruptcy Act, as amended. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of the bill H. R. 5924 it shall be in order in the House to take from the Speaker's table the bill S. 1253 and to move to strike out all after the enacting clause of said Senate bill and insert in lieu thereof the provisions contained in H. R. 5924.

CALL OF THE HOUSE

Mr. COLE of Missouri. Mr. Speaker, I make the point of order a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. LANE. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 232]

Adams	Domengeaux	Maloney
Anderson, Calif.	Douglas, Calif.	Mankin
Andrews, N. Y.	Durham	Mansfield, Mont.
Baldwin, Md.	Earthman	Mansfield, Tex.
Bates, Ky.	Engel, Mich.	May
Bates, Mass.	Fellows	Miller, Calif.
Beckworth	Gallagher	Morrison
Bell	Geelan	Norton
Bender	Gillespie	O'Konski
Bennet, N. Y.	Gossett	Peterson, Ga.
Boren	Gwinn, N. Y.	Ploeser
Boykin	Halleck	Priest
Bradley, Mich.	Hancock	Reece, Tenn.
Bunker	Hart	Robinson, Utah
Cannon, Fla.	Hébert	Rockwell
Celler	Hendricks	Roe, Md.
Chenoweth	Hill	Russell
Chiperfield	Holifield	Sadowski
Clippinger	Holmes, Wash.	Sasscer
Cochran	Hook	Shafer
Coffee	Horan	Short
Cole, Kans.	Izac	Simpson, Pa.
Combs	Johnson, Okla	Slaughter
Cooper	Johnson, Tex.	Sparkman
Courtney	Kefauver	Stewart
Cox	Kerr	Tolan
Cravens	Kilburn	Torrens
Crawford	Kilday	Vinson
Curley	LaFollette	Voorhis, Calif.
Curtis	Ludlow	Welch
Daughton, Va.	McDonough	West
Dawson	McGehee	Wickersham
De Lacy	McKenzie	Wolfenden, Pa.
Delaney, John J.	McMillan, S. C.	Wood
	Mahon	

On this roll call 324 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

RAILROAD REORGANIZATION

Mr. SABATH. Mr. Speaker, I yield myself 7 minutes and later on I shall yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. Speaker, this rule makes in order the Reed railroad reorganization bill, which is intended to adjust the differences between the Hobbs bill, which we passed with only one dissenting vote, but on which the Senate did not act until a few months ago, when the Senate substituted the Wheeler bill. To adjust the differences between the Hobbs bill, passed by the House, and the Wheeler bill, passed by the Senate, the gentleman from Illinois [Mr. REED] introduced his bill, H. R. 5924, which was approved by the Committee on the Judiciary by an almost unanimous vote.

SAFEGUARDS INVESTORS' INTERESTS

Application for a rule on the Reed bill was made some time ago, but there were unfortunate delays until about a month ago. The bill is now before us. Evidence presented to the Rules Committee shows that this bill is absolutely necessary to safeguard the interests of thousands upon thousands of American citizens, mostly small investors, men and women who in good faith, in the belief they were following the approval and recommendation of the Interstate Commerce Commission, purchased and paid for stocks and bonds, and now have been appealing for justice because in 1934 or early 1935 shrewd railroad lawyers succeeded in obtaining from the Interstate Commerce Commission a ruling which permitted second and third mortgages and the old preferred and common stocks, which the Interstate Commerce Commission itself had authorized to be issued, to be wiped out, and completely ignored, under the guise of strengthening the mortgages.

RULING BENEFITED POWERFUL INTERESTS

This not only gave big security holders, far better able to withstand any losses than the small independent investor, preferential status, by eliminating second and third mortgage bonds and nonvoting stocks, but directly inured to the speculative benefit of railroad stock manipulators and the Wall Street financial gamblers.

This ruling was made at a time when the railroads were not in good financial position, shortly after the crash of 1929–1932, and before the country and its industries and business had begun to recover from the great crash and depression.

Today, however, conditions have changed. For the last 4 or 5 years nearly all of the railroads still in the hands of receivers or trustees have made money; they have been able not only to pay up back interest charges and declare dividends but to accrue large surpluses—in one case as much as $100,000,000.

ENACTMENT OF THIS BILL NECESSARY TO KEEP ROADS OUT OF MONOPOLISTIC CONTROL

The junior bondholders and the holders of the old common and preferred stocks feel, and I think justly, that their equities have been unfairly wiped out, and that the Interstate Commerce Commission today would not act as the Commission did in 1935.

These thousands upon thousands of small investors have appealed to us for redress, and they urge the adoption of this bill to give them an opportunity of participating in the present prosperity of the railroads—a prosperity due to the high level of business activity and not to any management brilliance by the courts and receivers and trustees.

I am informed, and the evidence shows, that if this bill should fail a few life insurance companies and Wall Street financial manipulators would acquire from a fifth to a fourth of all the railroad mileage in the United States, at the expense of the small people who sank their all in these securities at the urging of the railroads themselves.

REED BILL MERITORIOUS

Mr. Speaker, if ever there was a meritorious bill, deserving the support and vote of every well-intentioned Member, it is this bill. It takes away nothing from the railroads or anyone else. It only restores to thousands of thrifty Americans their life savings, arbitrarily erased by the Interstate Commerce Commission in earlier proceedings. In that light it is not to be wondered at that the railroads, through their lobbies, have been working for weeks trying to misinform and to prejudice Members of the House. Proponents of the bill, without vast financial resources and scores of scurrying minions, have naturally been unable to cope with that vast lobby; and the only way the rights and interests of junior bondholders and stockholders has been protected has been by the stalwart work of the gentleman from Illinois [Mr. REED] and the gentleman from Alabama [Mr. HOBBS]. I want to congratulate both of these gentlemen on the tireless energy and the endless time and study they have given the problem. I know they will shortly explain more thoroughly than I possibly can the need, the urgent necessity, for this legislation.

PART OF OVER-ALL PROBLEM OF RECEIVERSHIPS

I have in my possession hundreds upon hundreds of letters from men and women, many of them widows and pensioners and retired employees who had counted upon their investments in railroad bonds and stocks to sustain them in their old age, who bought these devalued stocks and bonds. Could Members read only 1 in 20 of these touching letters they would conclude that it is their duty to vote for this bill, and disregard the clever misstatements and misrepresentations that have been made by the railroad representatives and lobbyists here.

I myself became thoroughly familiar with this problem as chairman of the special committee investigating the so-called bondholders protective committees, which, instead of protecting the rights and interests of the bondholders, used their powers of attorney for their own special interests, and for the interest of those whom they secretly represented, and against the interest of those that entrusted to them the protection of their equities. In June 1936, the Internal Revenue Service informed me in a letter that more than $11,000,000 had been recovered in taxes as a result of the investigations of my committee; and we knew that a large portion of the more than $20,000,000,000 worth of properties in the hands of "protective" committees, which might better have been called milking committees, was restored to the rightful owners.

RECEIVERS OPPOSE BILL

Naturally, the receivers of some of the railroads are opposed to this bill. I suppose they cannot be blamed, if you take into consideration the thousands and thousands and thousands of dollars the lawyers and the receivers and trustees have been milking from the railroads; they want to hold on to the teats.

If there is anything in the bill that might single out one road for special help, I want it taken out. I am not given to helping out the special interests of any railroads or receivers or trustees. In fact, I strongly urged and advocated enactment of a law that would provide one United States receiver, or conservator of bankruptcies, in all bankruptcy cases. That bill, had it been enacted, would have operated to take the railroads out of the hands of these professional receivers and trustees and their retinue of high-fee lawyers, and it is bound to come eventually. I recollect that our present Speaker helped to pass the Securities Exchange Act and to amend it since; but it still has not proved effective in really ending the unfair manipulations of the securities gamblers and the resulting losses to the public.

We passed an earlier railroad reorganization bill; but unfortunately under section 77 (b) the receivers remained; the trustees remained; and the railroads remained in the courts. Now we must pass the Reed bill, and restore these vast railroad properties to their rightful owners.

Mr. Speaker, I now yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Speaker, I yield 7 minutes to the gentleman from Illinois [Mr. REED].

Mr. REED of Illinois. Mr. Speaker, the rule under consideration is, I think, one that is easy to understand. It is the usual rule except that after conclusion of debate and the perfection of the bill it will then be in order to take up the Senate bill, which deals with the same subject matter, and substitute this bill in its place.

The reason for this kind of legislation lies in the financial difficulties in which the railroads found themselves during the depression. For many years Congress has had upon its statute books laws relating to bankruptcies, but Congress found it necessary years ago to enact a statute that pertained particularly to bankruptcies as they affect railroads.

We all understand that in the ordinary case of a bankruptcy, the person who has been declared a bankrupt surrenders his property to some trustee or officer appointed by the court. That trustee or that officer collects the estate of the bankrupt. If it was a business, the trustee continues with the business, liquidates it, winds it up, and at the conclusion of his administration pays over

to the creditors in the order of their priority, the proceeds which have accumulated, and if anything is left it goes to the bankrupt himself.

A little different situation naturally must obtain as regards railroads. You cannot pull a railroad apart and sell the parts. It would not be in the public interest to do such a thing. Therefore, the Bankruptcy Act as it relates to railroads provides that when a railroad is unable to meet its current obligations it can file a petition in the district court, and the court then turns that railroad over to trustees who manage the railroad during the bankruptcy proceedings.

Now here is how the injustice develops:

After the railroad has come into the district court a plan of reorganization is promulgated, proposed by the railroad itself or by any interested parties. The Interstate Commerce Commission considers this plan and then sends that plan back to the district court for approval. In its plans so far, the Commission has drastically cut the capitalization of the railroads. And the Supreme Court has stated that the limit of capitalization, as fixed by the Commission, is in effect a determination of the value of the properties of the railroad, and that the courts have no authority to redetermine or pass judgment on that valuation. In short, we have "valuation" without judicial determination.

Let us for just a moment consider that we have here all the classes of parties interested in the reorganization of a railroad. Let us say, for instance, that those who sit on these two left sections of the House represent the common stockholders of a railroad; those who sit in these next two sections of the Chamber represent the preferred stockholders of a railroad; here, in the center sections, sit the unsecured creditors; there toward the right sit the creditors who have second-mortgage bonds; and on the extreme right are the creditors who have first-mortgage bonds and have a prior lien upon the properties of the company.

When the Interstate Commerce Commission reduces the capitalization, invariably it draws the line not down this aisle between the common and preferred stockholders; not down the center aisle, but over a little to the right. This means that all on the left of that line are wiped out. It means that all the common stockholders, the preferred stockholders, and a large part of the creditors are wiped out of the picture and from that time on have no participation in the plan. They are not given any opportunity to vote upon the plan, and they receive none of the assets.

I have in mind a particular instance that is very clear to me because the railroad in question goes through my home town. I know men and women, neighbors of mine, who for years cherished their stock in the Chicago & North Western Railway, a railroad that since 1864 never missed paying dividends to its stockholders. Then when the depression came on, this railroad, like most of the large systems, was unable to meet is current interest charges.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield five additional minutes to the gentleman from Illinois.

Mr. REED of Illinois. The North Western went into bankruptcy, and as a result the common and the preferred stockholders were entirely wiped out, $40,000,000 of unsecured creditors were wiped out, and the railroad itself was turned over to the senior and junior creditors, who now own the railroad. At the time when it was turned over, it had in its treasury over $100,000,000 in cash that had accumulated during the time that it was in the hands of a trustee. The $100,000,000, like all the other assets, went with the railroad, and as a result within 6 months after that railroad had been reorganized and the new owners had taken charge a dividend was authorized, and each of the new preferred stockholders received $20 for each share of stock, and every share of common stock received a dividend of $5—a total sum sufficient to have allowed for a settlement with all the old preferred stockholders and still leave something in the pot for the common stockholders.

I want to prevent that sort of thing, which has happened over and over again.

Let me give you just one example: Let us look at the Cotton Belt Railroad. The Commission valued that railroad at $75,000,000. It found all the securities of this railroad in excess of this valuation to be worthless and not entitled to receive any of the new securities. The old securities, held to be valueless, and thus wiped out, were $19,000,000 of preferred stock, $17,000,000 of common, and $8,000,000 of creditors' claims. The road went into reorganization under section 77. Then what happened? In the 4½ years from 1941 to June 1945, it earned interest on all the old bonds each year and a total of $30,000,000 besides—almost half what the Commission said the whole railroad was worth. That money is in the till. These earnings amounted to $148 a share on the wiped-out preferred stock and $146 a share on the wiped-out common stock. This was after the railroad had paid $21,398,000 in excess-profit taxes in 1944 and $14,000,000 in excess-profit taxes in 1945. These taxes alone, the excess-profit taxes, equaled $175 per share on the preferred stock, or $200 a share on the common stock. In other words, after one arm of the Government declared the stocks of the St. Louis-Southwestern Railroad worthless in 1941, another arm took out this property in cash, for excess profits alone, an amount equal to the entire par value of the stocks declared to be worthless. That is just one example.

What is the reason for this? Well, the Supreme Court some years ago, in construing a statute passed by this Congress, said that the Interstate Commerce Commission had the sole function of determining the value of any of these railroads and that a court could not review the Commission's estimate of the value. When courts have attempted to review these valuations, the Supreme Court has said, quoting from its former decision, that that is the law and that only Congress can change the law.

The SPEAKER. The time of the gentleman has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the gentleman three additional minutes.

Mr. REED of Illinois. Only 2 or 3 weeks ago, in the Denver & Rio Grande Western case, Mr. Justice Reed, speaking for the majority of the Supreme Court, reversed the circuit court of appeals, which had ordered sent back to the Commission the plan of reorganization of the Denver & Rio Grande Western Railroad because it was unfair and inequitable.

Mr. Justice Reed said:

> Our constructions of the chief provisions of the section were handed down in March 1943. Although the results of reorganizations under the section, as thus construed, have been criticized as unfortunate and changes have been suggested, no different legislation has been enacted.

And there he gives in a footnote to his opinion, quotations from the very report that you have in your hands on this particular bill. The Justice also refers to the fact that the McLaughlin Act, which was passed by Congress in 1939, was allowed by this Congress to lapse, and Congress has not extended it. "This situation," says Justice Reed, "leaves clear the duty of the agencies of the Government entrusted with the handling of reorganizations under section 77, including this Court, to administer its provisions according to their best understanding" as previously given.

So he throws the ball right back into the hands of Congress, and he says you are the only persons who can relieve this situation. You have attempted to do so already. Some time ago, in 1939, you passed the McLaughlin Act. Last fall the Kefauver bill to renew the McLaughlin Act was passed in this House by unanimous vote. You passed the Hobbs bill in February 1945 with only one dissenting vote. The Senate has passed the Wheeler bill unanimously. If this legislation is passed, and it goes to conference, all four of those bills will come before the conferees, and it will give them an opportunity to pick the very best parts of each of them and bring back to this House and to the Senate a bill that will effectively relieve this intolerable situation.

The SPEAKER. The time of the gentleman from Illinois [Mr. REED], has again expired.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Speaker, I assume that, in the main, the mechanics of this bill and of the whole reorganization procedure are generally understood. I believe it was in 1933, legislation emanated from the Committee on the Judiciary, seeking to deal with bankrupt railroads somewhat differently from the way ordinary bankrupts are dealt with. That bill became known as section 77. In 1939 there was the Chandler Amendatory Act, and in 1942 the McLaughlin Act. Later there came the bills by Mr. HOBBS, Mr. KEFAUVER, and Mr. REED. It is the Reed bill which is being submitted for your consideration. The security holders are opposed to this proposed legislation. At least very largely.

The earnings of the railroad companies during the past 7 years have been very much higher than they were during the years which resulted in most of these railroads going into receivership.

This bill is for the purpose of submitting to the judgment of the House whether the processes of reorganization be suspended while a reexamination be made with regard to railroads which have made the net earnings specified in the bill during the period specified. The Committee on the Judiciary has the bill here, the rule is pending, and I appear here as chairman of the committee under a rule which obtains in our committee, asking the House to vote up this rule so that it may consider this proposed legislation.

I believe that is about all that is to be said with reference to this rule which the House is respectfully being asked to approve.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Connecticut [Mr. TALBOT].

Mr. TALBOT. Mr. Speaker, I am opposed to the rule in the Reed bill and to the bill itself.

This bill attempts to protect railroad stockholders, no matter how worthless the stock may be at the expense of bondholders and creditors who are to go partially unpaid for their benefit.

This legislation is class legislation which can make fortunes for fly-by-night speculators in worthless railroad stock.

In the case of the New York, New Haven & Hartford Railroad Co. the company has approximately $64,000,000 to pay a total indebtedness to creditors and bondholders of more than $102,000,000. Already a plan has been submitted in reorganization, which plan has been approved by the Interstate Commerce Commission and also by the Federal District Court for the District of Connecticut.

After 11 years under bankruptcy the New Haven Railroad was about to come out of bankruptcy under its reorganization plan. The present bill will hold up these proceedings for an additional number of years; in any event, at least an additional 18 months. No possible good can come from this bill so far as the New Haven Railroad is concerned. It will simply delay reorganization for another long period of time.

Mr. Speaker, a vast amount of stock in these railroads is now in the hands of Wall Street, Boston, and Chicago brokerage houses. In the event this bill passes they are the ones who will benefit and they will benefit at the expense of our savings banks and our insurance companies who have invested in the bonds of these railroads. If this is, as claimed, a question and fight between Wall Street and Main Street, it would be well to see which end of the tail Wall Street is holding.

In my opinion, this bill should be defeated.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Mr. Speaker, let us not have any misunderstanding about what is proposed to be done here today. This rule makes in order the consideration of a bill that was reported by the Judiciary Committee weeks before the completion of the final work on the bill. Nobody has seen this committee print. As a matter of fact, members of the Judiciary Committee were told that they could not see it. People vitally interested in the securities held by savings banks and insurance companies were informed that this measure was never printed 3 days after it was printed.

I just do not like this atmosphere of suspicion around this measure. If you will remember the provisions of the rule, you will find that it is in order to substitute the Wheeler bill for this bill, a bill that was never considered by any committee of the House of Representatives, and, significantly enough, the rule was granted on this bill a day or two after the Senate passed the Wheeler bill.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. WALTER. I yield.

Mr. SABATH. Is it not a fact it will make in order the House bill in lieu of the Senate bill? And the rule provides that we should consider——

Mr. WALTER. Oh, yes; I know exactly what the rule provides.

Mr. SABATH. It is a substitute for the House bill.

Mr. WALTER. I understand that.

Mr. Speaker, this is what will happen if the rule is adopted and this bill is passed. A conference committee composed of members of the Judiciary Committee of the House and the Commerce Committee of the Senate will write the bill. It just seems to me to be wrong to permit that to happen because, after all, the bill that will be finally considered by this House contains two other measures referred to the Committee on the Judiciary of the Senate and because of what that committee considered good and valid reasons it refused to consider the House bill.

We are going to find ourselves in the anomalous position of being called upon to act on a conference report in the closing few days of this Congress that will contain a law that we must either vote up or down. Who will know what is in that? Frankly, I do not know what is in this judiciary bill right now and it seems to me that if we are going to do those things that the gentleman from Illinois [Mr. REED] and the gentleman from Illinois [Mr. SABATH], talked about, we ought to introduce the kind of a bill and consider it in its entirety so that these insurance companies and savings banks may have the right to be heard.

The gentleman from Illinois [Mr. REED] talked about the earnings of these railroads. In the past seven lush years of the operation of these roads they have been in default $1,240,000,000 in interest and carrying charges. There is nothing to be gained by enacting this legislation today. These roads are in receivership at the present time. The gentleman from Illinois [Mr. SABATH], spoke about the cost of the receiverships, but let me say to you that in the case of the Missouri Pacific, for example, the salary of the president was $150,000 a year before receivership. When the receivers took over that salary was reduced to $35,000 and the salaries of all the other officials were reduced accordingly. So that it cost less in receivership to operate that road than it did before.

It cost less to operate the New York, New Haven & Hartford Railroad in receivership than it did before. Our committee was told that the New York, New Haven & Hartford had about $64,000,000 in cash. Yes, certainly they did, but they owe $102,000,000. What is going to happen to the $64,000,000 if the debts of the road are paid?

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. WALTER. Mr. Speaker, who are these little stockholders that the distinguished gentleman from Illinois has been shedding tears over? I do not know who they are in the case of all the roads affected, but let me read to you a certified list of the stockholders of the New York, New Haven & Hartford, the people who will take over the ownership and operation of that road:

Pennsylvania Railroad, 205,900 shares.

Pennroad, 14,700 shares.

Francis I. du Pont Co., 32,750 shares.

Merrill Lynch, Pierce, Fenner & Beane, 27,300 shares.

Then we come to this very significant fact:

Frederick Hatch Co., 63 Wall Street, New York City, 20,180 shares bought this year.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from New York.

Mr. MARCANTONIO. Will the gentleman state to the House just how many subsidiaries of Kuhn, Loeb & Co. have been cornering and garnering the shares during the last year?

Mr. WALTER. One of the members of the Interstate Commerce Commission told me on yesterday that Kuhn, Loeb & Co. bought, either for themselves or for somebody else, every share of stock that has been sold this year in the New York, New Haven & Hartford.

Mr. Speaker, there is nothing to be lost by deferring action on this hybrid legislation. I do not feel like entrusting the writing of a bill to conferees when, after the conference report has been filed, nobody will know what it does to the investments of the savings banks and of the insurance companies of this Nation.

The SPEAKER. The time of the gentleman from Pennsylvania has again expired.

Mr. SABATH. Mr. Speaker, I yield 15 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Speaker, our esteemed colleague on the Committee on the Judiciary who voted for the favorable report of the Reed bill says he does not know what is in it now. The same thing is in it now that was in it when it was unanimously reported favorably by the Committee on the Judiciary except that there have been nine committee amendments approved by the committee which have been set forth in the committee print.

The gentleman from Pennsylvania [Mr. WALTER] says it was a "hush-hush" document. Well, it was debated for hours in the full Committee on the Judiciary and there was not a single vote against any one of the nine amendments.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I will be happy to yield.

Mr. WALTER. The gentleman is mistaken, because most of those amendments were adopted by a majority of one.

Mr. HOBBS. I refer to the record. I stand on the statement I made, and I challenge any proof whatsoever of the statement just made by the gentleman from Pennsylvania.

It is true that the New Haven, that railroad that has $64,000,000 in the till to the credit of the common and preferred stockholders which is utterly wiped out by the plan of reorganization—at the instance of the trustees of the New Haven who, under their oaths of office are supposed to be neutral and represent all classes of investors including the common and preferred stockholders that were wiped out completely, now come in with an amendment that they wrote and have introduced in the Committee on the Judiciary to leave them out. They do not want to be reorganized, because if the reorganization plan that has been promulgated stands, then every dollar of the poor folks' investment in their common and prefererd stock goes, with all else, to the bondholders.

I think the gentleman from Pennsylvania said that there were 47 of them, and he read here a certified list of the stockholders, common and preferred, of the New Haven, but he neglected to tell you that that was taken from the report which the Interstate Commerce Commission requires ever so often, I think annually, from every railroad, which report only requires the first 30 large stockholders. They do not require and never saw the list of people we are talking for.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I will be delighted to yield.

Mr. WALTER. The gentleman has stated it contained but 30 names. This is the certified record, not from the Interstate Commerce Commission, but from the New York, New Haven & Hartford Railroad, of the 50 principal stockholders of that road.

Mr. HOBBS. I beg the gentleman's pardon. I thought it was the report they were required to make to the ICC of the first 30. They now have 50. But it does not say a word about the 21,000 little folks, some 7,000 of them widows or orphans, that we are speaking for. Of course, they have 50 stockholders, and they have been buying up more. It is one of the grandest steals that this country has ever seen. Railroad reorganization that we have been fighting for for 12 years, since Walter Chandler became chairman of this subcommittee on bankruptcy has become prostitued for purposes of private gain.

They are selling now every day stocks that have no value, for which nothing is paid, and which they please to call "when issued" new stock under the plan of reorganization. Of course, none of the favored few who are let in on the ground floor have paid anything for this "when issued" stock.

Mr. ERVIN. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I gladly yield to the gentleman from North Carolina.

Mr. ERVIN. May I ask the gentleman from Alabama if keeping a railroad in receivership instead of turning it back to the common stockholders for operation does not make it possible for the big bankers to gobble up the stock of the small stockholders?

Mr. HOBBS. Of course, that is exactly what is happening, and I am explaining how. They are selling what they call "when issued" stocks. Some of these reorganizations will not stand the light of day. The big manipulators know that when they wipe out every dollar of common stock, every dollar of preferred stock, when they wipe out the holdings in the New Haven of 21,000 stockholders of that kind plus the 50 Mr. WALTER is talking about, they cannot stand the light of day, so what do they do? They said, "We will give you a bonus. We will let you in on a sure thing. You pay nothing unless you win. Our free warrant will entitle you to buy 'when issued' stock if and when the plan of reorganization becomes effective. If you cannot 'make a killing,' you do not have to exercise your option. It is just that simple—you cannot lose."

The members of the Interstate Commerce Commission are able and estimable, gentlemen. They are expert. They are honest. But they are not infallible. They guessed wrong back in the booming twenties when stock and bond prices knew no upward limits, and when the boom burst, they got scared. The Honorable SAM RAYBURN, now the beloved Speaker of this House, as a Member, in 1920 stood in this well—and we frequently quote in our committee the speech he then made—saying that under 20 (a) of the bill then being sponsored by him, the Interstate Commerce Commission was required to certify before a dollar of any kind of stock or bonds could be issued that the issuance would be in the interest of the public. Every single share in reorganization today has been issued under that certificate from the Interstate Commerce Commission. Now, in their plans of rail reorganizations, they seem to be as sure of the worthlessness of that stock as they were, in the predepression era, of its value and public benefit.

Of course the Interstate Commerce Commission is honest. They believe what they certify. No one questions that, but we plead with those gentlemen: "For God's sake, if you mean to restore railroad credit, and we will need it in the years to come, do not wipe out the little fellows, do not arbitrarily say that the stock that they hold is worthless. You once thought it was good, and that its issuance would be in the public interest. Please let them hold what they have, though it may not be worth as much now as it once was. It may come back. If there be a chance, please let them have it."

As has been truly said before, this is the same old fight of the unscrupulous in Wall Street against Main Street. The rule applies that Portia pleaded in the case that she tried in the Merchant of Venice. Paraphrasing: "You shall have your bond. Your bond gives you a pound of flesh but not one drop of blood." So what we say to the opponents of this bill: "You shall have your bond. Your bond guarantees your loan—principal and interest. That is your due, your right. The preservation of railway credit requires no less. But you should not get that and the railway, too." What does the Reed bill say? The Reed bill says that no road can come under it that has not produced average annual earnings during the preceding 7 years sufficient to pay the fixed charges during those years.

Mr. GIFFORD. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I am delighted to yield to the gentleman.

Mr. GIFFORD. I am greatly interested in one of the roads that the gentleman has mentioned. I wish I were in proper fettle to talk about it. But I would remind the House with reference to the profits that are made by going into bankruptcy that there ought to be a clause such as you and I might have if we were going into business that when we fail we should share the profits equally.

Mr. HOBBS. The gentleman may be right—he frequently is.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I would be delighted to yield to the gentleman for a question.

Mr. WALTER. The gentleman has indicated the small stockholders of these roads can get something out of these earnings. Can the gentleman tell me how, if the New York, New Haven & Hartford owes $102,000,000 and had $63,000,000 in cash, how the small stockholder or any other stockholder is going to get a cent? And if that is the fact, then is not the only thing in issue here the control of the road?

Mr. HOBBS. I wish we could base this fight on the New York, New Haven & Hartford Railroad. I am glad to answer the gentleman's question. Of course, we do not have the time now to go into details, but I am glad to answer the gentleman's question. When the Interstate Commerce Commission certified that the holders of common and preferred stock—and there are 1,500,000 shares of stock involved there that are being wiped out and not 300,000—you are still talking about your 50 big holders—they do not hold the majority of the stock; it is the little fellow, the men who have gone in the cabs of those engines and who have invested every dollar of their savings for years in that prime stock of the New York, New Haven & Hartford that has paid dividends for 50 years—they are the ones who own it. Now I will answer your question as to how they hope to get anything out of it. When the ICC declared worthless every dollar invested in common and preferred stock of the New York, New Haven & Hartford Railroad, there was $4,000,000 in the till at that time.

Mr. WALTER. Yes; but I would like to call attention to the fact that $4,000,000 was not enough to pay even the liabilities because of accidents on the road.

Mr. HOBBS. If the gentleman will excuse me, I want to make my own speech.

There was at that time $4,000,000 to the credit of the stock in the till of the New York, New Haven & Hartford Railroad after paying every bondholder who had a due date and every bondholder was paid every dollar of interest and having paid all the increased operating costs and everything else. They said it was worthless and that it had no hope of coming back and that the earnings of the war years were unusually and abnormally high and could not be considered although by the law we wrote in the Chandler Act we said they should do so as our experts.

Now, after 7 years and more, when the New Haven, that was worthless, certified worthless in 1940, has paid 3.4 times over all of the fixed charges and has accumulated in that till to the credit of the common and preferred stockholders $64,000,000, they still say it is worthless. I say that they were wrong then, they are wrong now, and if they do not owe but $102,000,000, they are lucky, because this case history gives them a guaranty of payment if you enact the pending bill into law.

The SPEAKER. The time of the gentleman from Alabama [Mr. HOBBS] has again expired.

Mr. SABATH. Mr. Speaker, I yield the gentleman one additional minute.

Mr. HOBBS. If you enact this bill into law with the amendments added, the Hobbs bill and the McLaughlin bill, under which the Baltimore & Ohio has been reorganized twice, we will write a bill taking the best of the four, and if you, like the gentleman from Pennsylvania [Mr. WALTER] do not want to trust the conferees to do that job, then do not give us the rule. Vote down the rule and kill the bill, and who is hurt? Not any member of our subcommittee, not any member of our full committee. They have investigated us through private detectives for seven long years, and we do not own a dime's worth of stock. It will be "no skin off of our backs," but it would kill railway credit and cost Main Street $2,000,000,000.

The SPEAKER. The time of the gentleman from Alabama has again expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 2½ minutes to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Speaker, I rise in support of this rule. The Committee on the Judiciary of this House, considered this bill, H. R. 5924, word by word, line by line, and paragraph by paragraph.

I am somewhat amazed at the rather excited manner in which the gentleman from Pennsylvania voiced his opposition to the granting of this rule and to the provisions of this bill. A change seems to have come over the spirit of his dreams since we considered this bill in committee, of which he and I are members. He was as unruffled and as placid as a summer sea when we considered it as members of the Judiciary Committee. No such vehement objection was voiced by him to this bill or to any provision of the bill.

This bill simply provides with reference to these railroads that are in the hands of receivers, in the hands of trustees in bankruptcy, if upon the enactment of this measure any one of them can show to a United States district court judge that for a period of 7 years that railroad has been operated by a trustee in bankruptcy and has met all of its obligations in the ordinary course of business as they have accrued and become due, then, for a period of 18 months, and a longer period, if necessary, under the supervision of a United States district judge, the various security holders, stock holders, and parties in interest may submit a plan of reorganization.

If the plan proposed meets the approval of the court as just and fair to all interested parties, then it goes to the Interstate Commerce Commission to pass upon the sort of securities with which it is refinanced.

I say to you that I am in accord with the gentleman from Alabama [Mr. HOBBS], on this matter. In my opinion this is a fight between Main Street and Wall Street, and this proposed measure will restore these railroads to their owners and to operation by their owners. I believe the rule should be adopted and the measure considered on its merits.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the balance of my time to the gentleman from Ohio [Mr. BROWN].

The SPEAKER. The gentleman from Ohio is recognized for 5½ minutes.

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent to proceed out of order and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BROWN of Ohio. Mr. Speaker, I asked and obtained unanimous consent to speak out of order because I want to take this opportunity to express myself on the conference report on price control legislation which will be before this body in a short time, in the space of an hour or so.

In the very beginning I wish to take this opportunity to congratulate my colleagues on the conference committee, the gentleman from Michigan [Mr. WOLCOTT] and the gentleman from Ohio, Dr. SMITH, for having the good judgment, the common sense, and the courage to refuse to sign this conference report which contains, of course, the administration's compromise price control bill.

No one should vote for this legislative monstrosity blindly or without giving careful thought and consideration as to what is offered him.

A vote for this mongrel bill is a vote to put American free enterprise back into the shackles and strait-jackets of bureaucracy and regimentation, for it gives broad and complete dictatorial powers to a few individuals who are in no way directly responsible to the American people.

A vote for this conglomeration of legislative errors means a vote to put 30,000 political pap-suckers back on the pay roll and into the coming fall campaign.

A vote for this ill-conceived legislative measure is a vote for the return of scarcity, a vote for higher prices next November and December, a vote for the return of the black market, and a vote for fattening the pocketbooks of the favored few.

A vote for this compromise price control bill is a vote against reconversion, a vote for inflation, and a vote in favor of a bigger and quicker "bust."

A vote for this bill is a vote to confound confusion and to bring on greater chaos. It is a vote against the American way of life and another step toward state socialism.

I hope that when the time comes this body will have the courage—and will demonstrate its faith in the free enterprise system—to vote this conference report down.

Mr. PHILLIPS. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. PHILLIPS. One of the most difficult problems under this bill will be the control committee. What kind of people will administer this order?

Mr. BROWN of Ohio. I have heard it suggested that probably this special decontrol committee to be set up under this bill may be comprised of Chester Bowles, Leon Henderson, and someone from the Political Action Committee, or, perhaps, even less qualified appointees.

Mr. SABATH. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. BRADLEY].

Mr. BRADLEY of Pennsylvania. Mr. Speaker, I do not know yet how I am going to vote upon this rule or bill because frankly I have not had sufficient time to study the bill. However, I would like to know why in the closing days of this Congress legislation of this character is brought to the floor when such bills as the Wagner-Ellender housing bill and the wage-hour bill are still bottled up in committees. I think it is a sad commentary upon this Congress when there is so little interest displayed in legislation which is really for the benefit of the majority of the American citizens and we are adjourning without doing anything to implement those measures into law.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. SABATH. Mr. Speaker, the two bills referred to by the gentleman are still in committee and the Rules Committee cannot bring in a rule on either of them. I assure the gentleman from Pennsylvania [Mr. BRADLEY] I would be more than pleased to bring in rules on both of those bills.

Mr. Speaker, all I want to say on the rule is that the Interstate Commerce Commission authorized the issuance of these bonds and stocks. Then back in 1935 or thereabouts some gentlemen came in and said, "This is the time to wipe them out because it is suitable to us and can be done easily," and so on the clever misrepresentations of the railroad spokesmen, on the pretense they were wringing out the watered stock, but actually to benefit the big insurance companies and the railroad banking

magnates by reducing the liabilities, these bonds and stocks were simply struck out of consideration by a callous bookkeeping entry.

I am not speaking for the railroads or the receivers or the lawyers who have drawn hundreds of thousands of dollars in fees. I am speaking for the hundreds of thousands of small investors who bought their stock on the implied recommendation of the Interstate Commerce Commission, which is now trying to wipe them out. As I remember this matter, the ICC has a formula for determining the financial status of railroads that is not satisfactory to many. It holds that past earnings are not a safe guide as to financial ability, because they have been too low, and present earnings are not a safe guide as to financial ability, because they are abnormally high.

The SPEAKER. The time of the gentleman from Illinois has expired. All time has expired.

The question is on the resolution.

The question was taken, and the Speaker being in doubt, the House divided; and there were—ayes 120, noes 79.

Mr. HOOK. Mr. Speaker, I object to the vote on the ground there is not a quorum present and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and fifty-three Members are present, a quorum.

Mr. DIRKSEN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EMERGENCY PRICE CONTROL ACT, 1942

Mr. SPENCE. Mr. Speaker, I call up the conference report on the joint resolution (H. J. Res. 371) extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, as I understand, the situation is such that under the rules there would ordinarily be 1 hour of debate on the conference report. In view of the fact that the House has never considered this measure and that the conference report has been made available to the Members only this morning, I wonder if we could not agree upon perhaps 3 hours of debate before a vote is taken.

Mr. SPENCE. Mr. Speaker, this subject has been debated at length. I think the issue is very clear and I certainly do not see any reason for 3 hours of debate.

Mr. McGLINCHEY. Mr. Speaker, I object to any extension of time.

The SPEAKER. There has been no request for an extension of time. The question before the House is the request of the gentleman from Kentucky that the statement of the managers on the part of the House be read in lieu of the report.

Mr. WOLCOTT. Do I correctly understand, Mr. Speaker, that if objection is made to the reading of the statement in lieu of the report, that in that case the joint resolution will be read and then the statement will be read?

The SPEAKER. If the request made by the gentleman from Kentucky is objected to, then the conference report will be read.

Mr. WOLCOTT. If objection is made to that request, will the resolution be read and then the statement be read?

The SPEAKER. The conference report will be read. The only thing before the House now is the conference report.

Mr. WOLCOTT. In view of the fact that there is no additional time, and it is apparent that no additional time will be granted, I think the Members should have an opportunity to read the joint resolution or hear it read. For that reason, I object.

The SPEAKER. The Clerk will read the conference report.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 371) extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That section 1 (b) of the Emergency Price Control Act of 1942, as amended, is amended by striking out 'June 30, 1946' and substituting 'June 30, 1947'.

"SEC. 2. Section 6 of the Stabilization Act of 1942, as amended, is amended by striking out 'June 30, 1946' and substituting 'June 30, 1947'.

"SEC. 3. Title I of the Emergency Price Control Act of 1942, as amended, is amended by inserting after section 1 thereof a new section as follows:

"'PURPOSES AND POLICIES IN THE TRANSITION PERIOD

"'SEC. 1A. (a) OBJECTIVES.—The Congress hereby affirms—

"'(1) that because of abnormally excess spending power in relation to the presently available supply of commodities, rapid attainment of production equal to the public demand is one of the necessary and urgent objectives for the prevention of inflation and for the achievement of a reasonable stability in the general level of prices and rents, cost of living and costs of production (including labor costs), for the purposes set forth in section 1 of this Act and for the further purposes of protecting the real value of benefits provided by law for veterans and their dependents, of keeping faith with purchasers of United States War Bonds, and of making possible a successful transition to a peacetime economy of maximum employment, production, and purchasing power under a system of free enterprise;

"'(2) that unnecessary or unduly prolonged controls over prices and rents and use of subsidies would be inconsistent with the return to such a peacetime economy and would tend to repress and prevent the attainment of this and the other goods herein declared; and

"'(3) that adequate prices are necessary stimulants to the production thus desired and the expeditious attainment of said goals.

"'(b) Declaration of decontrol policy: Therefore, it is hereby declared to be the policy of the Congress that the Office of Price Administration, and other agencies of the Government, shall use their price, subsidy, and other powers to promote the earliest practicable balance between production and the demand therefor of commodities under their control, and that the general control of prices and the use of subsidy powers shall, subject to other specific provisions of this Act, be terminated as rapidly as possible consistent with the policies and purposes set forth in this section and in no event later than June 30, 1947, and on that date the Office of Price Administration shall be abolished.

"'(c) Recommendations by the President to the Congress: (1) As soon as practicable after the enactment of this section and in any event on or before January 15, 1947, the President shall recommend to the Congress such further legislation as in his judgment is needed to establish monetary, fiscal, and other policies which are adequate to supplement the control of prices and wages during the balance of the fiscal year 1947, and to insure that general control of prices and wages can be terminated by the end of that fiscal year without danger of inflation thereafter.

"'(2) On or before April 1, 1947, the President shall report to the Congress what, if any, commodities or classes of commodities, including housing accommodations, are in such critically short supply as to necessitate, in his judgement, the continuance of the powers granted by this Act as to them after June 30, 1947, together with his recommendations as to esablished departments or agencies of the Government (other than the Office of Price Administration) which should be charged with the administration of such powers.

"'(d) Decontrol of nonagricultural commodities: (1) On or before December 31, 1946, the Administrator shall decontrol all nonagricultural commodities not important in relation to business costs or living costs, and prior to that date shall proceed with such decontrol as rapidly as, in his judgment, will be consistent with the avoidance of a cumulative and dangerous unstabilizing effect. In no event shall maximum prices be maintained after December 31, 1946, for any nonagricultural commodity or class of commodities unless the same has been expressly found by the Administrator to be important in relation to business costs or living costs.

"'(2) The Administrator shall provide for the prompt removal of maximum prices in the case of any nonagricultural commodity whenever the supply thereof exceeds or is in approximate balance with the demand therefor (including appropriate inventory requirements).

"'(3) Whenever, after a reasonable test period, it appears that the supply of a nonagricultural commodity which has been decontrolled is no longer consistent with the applicable decontrol standard, the Administrator, with the advance consent in writing of the Price Decontrol Board established under subsection (h), shall reestablish such maximum prices for the commodity, consistent with applicable provisions of law, as in his judgment may be necessary to effectuate the purposes of this Act. The supply of a nonagricultural commodity shall

be deemed inconsistent with the applicable decontrol standard in any case where the prices of the commodity have risen to and after a reasonable test period remain at unreasonable and inflationary levels.

"'(4) Nothing contained in this Act shall be construed to authorize the Administrator to impose or maintain price controls with respect to petroleum or petroleum products processed or manufactured in whole or substantial part from petroleum, except that, after August 20, 1946, maximum prices with respect thereto may be reestablished pursuant to the provisions of paragraph (3) of this subsection (d), but only under the standards prescribed in paragraph (8) (C) of subsection (e).

"'(e) AGRICULTURAL COMMODITIES.—(1) On the first day of the first calendar month which begins more than thirty days after the date of enactment of this section, the Secretary of Agriculture shall certify to the Price Administrator each agricultural commodity which such Secretary determines to be in short supply. Thereafter, on the first day of each succeeding calendar month the Secretary shall certify modifications of such certification by adding other agricultural commodities which have become in short supply and by removing from such certification such commodities which he determines are no longer in short supply. No maximum price shall be applicable with respect to any agricultural commodity during any calendar month which begins more than thirty days after the date of enactment of this section, unless such commodity is certified to the Price Administrator under this paragraph as being in short supply.

"'(2) (A) Whenever the Secretary of Agriculture determines that maximum prices applicable to any agricultural commodity which is in short supply are impeding the necessary production of such commodity, he may recommend to the Price Administrator such adjustments in such maximum prices as the Secretary determines to be necessary to attain the necessary production of such commodity.

"'(B) The Secretary of Agriculture by December 31, 1946, shall recommend to the Price Administrator the removal of maximum prices on all agricultural commodities, whether or not in short supply, not important in relation to business costs or living costs, and prior to that date shall make such recommendations as rapidly as, in his judgment, will be consistent with the avoidance of a cumulative and dangerous unstabilizing effect.

"'(C) Within ten days after the receipt of any recommendation under this subsection for the adjustment of maximum prices applicable to any agricultural commodity, or for the removal of maximum prices on agricultural commodities not important in relation to business costs or living costs, the Price Administrator shall adjust or remove such maximum prices in accordance with such recommendations.

"'(3) Whenever the Secretary of Agriculture determines that an agricultural commodity with respect to which maximum prices have been removed is in short supply and that the reestablishment of maximum prices with respect thereto is necessary to effectuate the purposes of this Act, the Secretary, with the written consent of the Price Decontrol Board, may recommend to the Administrator, and the Administrator shall establish, such maximum prices with respect to such commodity, consistent with applicable provisions of law, as in the judgment of the Secretary are necessary to effectuate the purposes of this Act.

"'(4) For the purposes of this section (except subparagraph (6) of this subsection (d))—

"'(A) an agricultural commodity shall be deemed to be in short supply unless the supply of such commodity equals or exceeds the requirements for such commodity for the current marketing season;

"'(B) the term "agricultural commodity" shall be deemed to mean any agricultural commodity and any food or feed product processed or manufactured in whole or substantial part from any agricultural commodity; and

"'(C) the term "subsidy" means any subsidy or purchase and sale operations described in the last paragraph of section 2 (e) of this Act.

"'(5) Notwithstanding any other provision of this or any other law, except as provided in subsection (h), the Secretary of Agriculture, in exercising his functions under this Act, shall not be subject to the direction or control of any other appointive officer or agency in the executive branch of the Government, and no such officer or agency shall undertake to exercise any direction or control over the Secretary of Agriculture with respect to the exercise of such functions. The Secretary of Agriculture may at any time withdraw his approval of any action with respect to which his approval is required under this Act, and upon the withdrawal of his approval such action shall be rescinded.

"'(6) No maximum price and no regulation or order under this Act or the Stabilization Act of 1942, as amended, shall be applicable with respect to any agricultural commodity, or any service rendered with respect to any agricultural commodity, unless a regulation or order establishing a maximum price with respect to such commodity had been issued under this Act prior to April 1, 1946.

"'(7) No maximum price and no regulation or order under this Act or the Stabilization Act of 1942, as amended, shall be applicable with respect to poultry or eggs or food or feed products processed or manufactured in whole or substantial part therefrom, or in the case of leaf tobacco or tobacco products processed or manufactured in whole or substantial part therefrom, except that, after August 20, 1946, maximum prices with respect thereto may be reestablished pursuant to the provisions of paragraph (3) of this subsection (e), but only under the standards prescribed in paragraph (8) (C) of this subsection (e).

"'(8) (A) No maximum price and no regulation or order under this Act or the Stabilization Act of 1942, as amended, shall be applicable prior to August 21, 1946, with respect to livestock, milk, or food or feed products processed or manufactured in whole or substantial part from livestock or milk; with respect to cottonseed or soybeans, or food or feed products processed or manufactured in whole or substantial part from cottonseed or soybeans; with respect to grains for which standards have been established under the United States Grain Standards Act, as amended, or any livestock or poultry feed processed or manufactured in whole or substantial part therefrom.

"'(B) The Price Decontrol Board shall proceed forthwith to consider whether the commodities listed in subparagraph (A) shall continue, after August 20, 1946, to be free from regulation under this Act and the Stabilization Act of 1942, as amended. Such Board, after due notice of a public hearing and full opportunity for representatives of affected industries and consumers to present their views orally or in writing, shall have power to determine whether or not any commodity listed in subparagraph (A) shall be regulated after August 20, 1946, under this Act and the Stabilization Act of 1942, as amended. Such Board shall direct that any such commodity shall not be so regulated unless it finds:

"'(i) that the price of such commodity has risen unreasonably above a price equal to the lawful maximum price in effect on June 30, 1946, plus the amount per unit of any subsidy payable with respect thereto as of June 29, 1946, and

"'(ii) that such commodity is in short supply and that its regulation is practicable and enforceable, and

"'(iii) that the public interest will be served by such regulation.

"If in the case of any commodity listed in subparagraph (A) such Board fails to direct, on or before August 20, 1946, that such commodity shall not be regulated under this Act and the Stabilization Act of 1942, as amended, maximum prices and regulations and orders under such Acts shall be applicable with respect to such commodity without regard to this paragraph (8).

"'(C) If in the case of any commodity listed in subparagraph (A) such Board, on or before August 20, 1946, does direct that such commodity shall not be regulated under such Acts, the Board may at any subsequent time direct that such commodity shall be so regulated if it finds:

"'(i) that the price of such commodity has risen unreasonably above a price equal to the lawful maximum price in effect on June 30, 1946, plus the amount per unit of any subsidy payable with respect thereto as of June 29, 1946; and

"'(ii) that such commodity is in short supply and that its regulation is practicable and enforceable; and

"'(iii) that the public interest will be served by such regulation.

Thereafter, the provisions of such Acts and regulations and orders thereunder shall be applicable with respect to such commodity without regard to this paragraph (8).

"'(D) In the case of milk, the Board may consider and determine decontrol or recontrol on a regional basis.

"'(9) The Price Decontrol Board shall also have power to determine, when maximum prices are in effect with respect to any commodity listed in paragraph (8) (A), whether any subsidy or any part thereof in effect prior to June 30, 1946, shall be reestablished in whole or in part; and the powers of the Administrator, the Commodity Credit Corporation, and the Reconstruction Finance Corporation to pay subsidies in connection with such commodity shall be limited in accordance with any order of the Board.

"'(10) Whenever maximum prices are in effect for any commodity processed or manufactured in whole or substantial part from any commodity listed in paragraph (8) (A) with respect to which maximum prices are not in effect, no maximum price, and no margin, mark-up, or discount, shall be maintained with respect to such processed or manufactured commodity which does not return to the processors, manufacturers, and distributors thereof (A) the raw material cost (which must be computed at least once every 60 days at not less than the current cost), (B) the conversion or distribution cost, and (C) a reasonable profit.

"'(f) SAVING PROVISION.—Nothing in this section shall limit the Administrator's authority to remove maximum prices for any nonagricultural commodity, or any agricultural commodity with the approval of the Secretary of Agriculture, at an earlier time than would be required by this section, if in his judgment or in the judgment of the Secretary of Agriculture, as the case may be, such action would be consistent with the purposes of this section.

"'(g) PETITIONS FOR DECONTROL.—(1) If in the judgment of the industry advisory committee appointed by the Administrator in accordance with section 2 (a) of this Act to advise and consult with respect to a commodity, the standards set forth in this section require the removal of maximum prices for such commodity, it may file a petition for the removal of such maximum prices. In the case of any nonagricultural commodity, such petition shall be filed with the Administrator in accordance with regulations prescribed by him. In the case of agricultural commodities, such petition shall be

filed with the Secretary of Agriculture in accordance with regulations prescribed by him and shall request that he make an appropriate certification or recommendation to the Price Administrator. The petition shall specifically state the grounds upon which the committee believes such action to be required and shall be accompanied by affidavits or other written evidence in support thereof.

"'(2) Within fifteen days after receiving a petition filed in accordance with the provisions of this subsection, the Administrator or the Secretary of Agriculture, as the case may be, shall either grant the petition or inform the committee in writing why in his judgment the standards for decontrol stated in subsections (d) and (e) have not been satisfied with respect to the commodity involved. If the petition is not granted in full, the Administrator or the Secretary, as the case may be, shall, within ten days after the receipt of a request by the committee for further consideration of its petition, hold a hearing before himself or before a deputy administrator (or, in the case of the Secretary, before such officer as he may designate) at which the committee may present its argument in support of the petition. The Consumers Advisory Committee and the Labor Advisory Committee appointed by the Administrator shall be given notice of any such hearing and an opportunity to present their views with respect to the petition and may, not later than five days prior to such hearing, present in writing evidence relating thereto. Within fifteen days after such hearing, the Administrator or the Secretary, as the case may be, shall either grant the petition in full or furnish the industry advisory committee with a statement in writing of his reasons for denying it in whole or in part together with a statement of any economic data or other facts of which he has taken official notice in connection with such denial.

"'(3) At any time within thirty days after the denial in whole or in part, following a hearing, of a petition filed under this subsection, the petitioning industry advisory committee may petition the Price Decontrol Board established under subsection (h) for a review of the action of the Administrator or the Secretary of Agriculture. If the Administrator or the Secretary, as the case may be, fails to act upon a petition within the time prescribed by paragraph (2), the industry advisory committee may, at any time within thirty days after the expiration of the time so prescribed, petition the Price Decontrol Board for the removal of maximum prices on the commodity involved.

"'(4) Nothing in this section shall be construed to take away or impair any right of any person to protest, in accordance with the provisions of sections 205 and 204 of this Act, the further maintenance of maximum prices for a commodity under the standards of subsection (d) or (e): *Provided*, That the filing of such a protest or of a petition under paragraph 3 of this subsection shall not be grounds for staying any proceeding brought pursuant to section 205 of this Act or section 37 of the Criminal Code, and no retroactive effect shall be given to any judgment setting aside a provision of a regulation, order, or price schedule under the standards set forth in this section.

"'(h) PRICE DECONTROL BOARD.—(1) There is hereby established as an independent agency in the executive branch of the Government a Price Decontrol Board, to be composed of three members appointed by the President by and with the advice and consent of the Senate. Not more than two members of the Board shall be members of the same political party. Two members of the Board shall constitute a quorum, and a vacancy in the membership of the Board shall not impair the power of the remaining members to exercise its functions. Members of the Board shall receive compensation at the rate of $12,000 a year.

"'(2) The Board shall appoint and fix the compensation of a secretary for the Board and such other officers and employees as may be necessary to enable it to perform its functions. The Board may make such expenditures as may be necessary for performing its functions. The Board may, with the consent of the head of the department or agency concerned, utilize the facilities, services, and personnel of other agencies or departments of the Government. The Board shall maintain an office in charge of its secretary in the District of Columbia, which shall be open on all business days for the receipt of petitions for review and the transaction of other business of the Board. The Board shall prescribe regulations and procedures for the conduct of its business which will provide for summary disposition, with the utmost expedition consistent with sound decision, of petitions filed with the Board.

"'(3) A petition made under subsection (g) (3) shall specifically state the grounds upon which the petitioning industry advisory committee believes that maximum prices on the commodity involved should be removed. A copy of such petition shall forthwith be served on the Administrator or the Secretary, as the case may be, who shall within such time as may be fixed by the Board certify and file with the Board a transcript of such portions of the proceedings in connection with the petition under subsection (g) as are material. Such transcript shall include a statement in writing of the Administrator's or Secretary's reasons for believing that maximum prices on the commodity involved should not be removed together with a statement of any economic data or other facts of which he has taken official notice. At the earliest practicable time the Board shall conduct a hearing upon the petition, at which the Administrator or the Secretary, as the case may be, and the committee shall be given an opportunity to present their views and argument orally or in writing. If application is made to the Board by either party for leave to introduce additional evidence, the Board may permit such evidence to be introduced or filed with it if it deems it material and determines that such evidence could not reasonably have been offered or included in the proceedings under subsection (g). At the earliest practicable time after the hearing on any petition, the Board shall make and issue an order specifying the extent, if any, to which maximum prices on the commodity involved shall be removed. The Board shall order the removal of such maximum prices if and to the extent that in its judgment the standards of decontrol stated in subsection (d) or (e) have been satisfied with respect to the commodity involved. The Administrator shall remove maximum prices with respect to the commodity in question within such time and to such extent as shall be specified in the order of the Board. Orders of the Board shall not be subject to modification or review by any other department or agency or by any court.

"'(4) No petition may be filed with the Board with respect to any commodity within a period of three months after the issuance of an order of the Board with respect to the same commodity.

"'(5) The members of the Board may serve as such without regard to the provisions of sections 109 and 113 of the Criminal Code (18 U. S. C., secs. 198 and 203) or section 19 (e) of the Contract Settlement Act of 1944, except insofar as such sections may prohibit any such member from receiving compensation in respect of any particular matter which is within the jurisdiction of the Board.

"'(6) If the number of petitions filed with the Board should at any time become so great as to prevent the Board from promptly conducting hearings upon such petitions, the Board shall appoint such hearing commissioners as it deems necessary in order to expedite the transaction of its business. The Board may authorize one or more of the hearing commissioners so appointed to conduct the hearing upon any petition under this subsection and to exercise the authority of the Board with respect to such hearing. After a hearing conducted before a hearing commissioner, the commissioner shall make recommendations consistent with this subsection to the Board concerning its action with respect to the petition. If the Board approves such recommendations, it shall issue an order in conformity therewith. If the Board does not approve such recommendations, the Board may issue such order as it deems proper upon the record or may conduct a new hearing upon the petition before the Board.'

"SEC. 4. Section 2 (a) of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof the following new sentence: 'In administering the provisions of this subsection relating to the establishment of industry advisory committees, the Administrator, upon the request of a substantial portion of the industry in any region, shall promptly appoint a regional industry advisory committee for such region.'

"SEC. 5. Section 2 (b) of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof the following new paragraphs:

"'After the date upon which this paragraph takes effect, the Administrator, when establishing rent ceilings on hotels or when passing upon applications for adjustments of rent ceilings on hotels, is authorized to take into consideration the distinction between transient hotels and residential or apartment hotels, including the difference in the investment, operation, expenses, and mechanical details of operation between the transient hotels and the residential and apartment hotels, and is directed to classify separately by regulation (1) transient hotels, (2) residential and apartment hotels, and (3) tourists' courts, rooming houses, and boarding houses.

"'While maximum rents are in effect under this Act with respect to housing accommodations in any defense-rental area, such housing accommodations shall not be subject to rent control by any State or local government.'

"SEC. 6. (a) The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply with respect to operations for the fiscal year ending June 30, 1947, of the Commodity Credit Corporation and the Reconstruction Finance Corporation: *Provided*, That with respect to such corporations and such operations, the making of subsidy payments and buying for resale at a loss shall be limited as follows:

"Payments and purchases may be made with respect to operations for the fiscal year ending June 30, 1947, which involve subsidies and anticipated losses, as follows:

"(1) With respect to rubber produced in Latin America and Africa for which commitments were made before January 1, 1946, $31,000,000.

"(2) With respect to copper, lead, and zinc, in the form of premium price payments, $100,000,000: *Provided*, That (A) premiums shall be paid on ores mined or removed from mine dumps or tailing piles before July 1, 1947, though shipped and/or processed and marketed subsequently thereto; and that (B) the premium price plan for copper, lead, and zinc shall be extended until June 30, 1947, on terms not less favorable to the producer than heretofore and (i) adjustments shall be made to encourage exploration and development work, (ii) adequate allowances shall be made for depreciation and depletion, and (iii) all classes of premiums shall be noncancelable unless necessary in order to make

individual adjustments of income to specific mines.

"(3) With respect to purchases by the Reconstruction Finance Corporation, of such tin ores and concentrates as it deems necessary to insure continued operation of the Texas City tin smelter.

"(4) With respect to noncrop programs, 1946 crop program operations and the 1947 crop program operations relating to sugar, flour, petroleum, petroleum products, and other domestic and imported materials and commodities, $869,000,000: *Provided*, That the operations authorized under this subparagraph (4) shall be progressively reduced, shall be terminated not later than April 1, 1947, and shall not cost more than $629,000,000 during the last six months of the calendar year 1946. Operations shall not be carried out under authority of this subparagraph (4) with respect to any commodity for any period occurring after the date of the enactment of this Act during which maximum prices on such commodity are not in effect under the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended: *Provided*, That subsidies with respect to petroleum produced from stripper wells shall be continued at not to exceed the existing rates. No subsidy or purchase and sale operation shall be undertaken under authority of this subparagraph (4) with respect to any commodity unless a subsidy or purchase and sale operation with respect to such commodity was in effect on June 29, 1946; and no such operation shall be undertaken under authority of this subparagraph (4) which will increase the rate of subsidy paid or the rate of loss incurred with respect to any commodity above that which would be paid or incurred if the operations in effect on June 29, 1946, had been continued on the same basis.

"(b) When any direct or indirect subsidy to an industry is reduced or terminated, or upon recontrol is not restored or is restored only in part, any maximum price applicable to the product affected shall be correspondingly increased, except in the case of transportation subsidies, differential subsidies to high-cost producers, and premium payments under authority of the Veterans' Emergency Housing Act of 1946.

"(c) Where roll-back subsidies have previously been or presently are in effect, and have been discontinued, or shall hereafter be discontinued, the industries which have received such subsidies shall be permitted to increase their ceiling prices at least an amount equivalent to the amount of the discontinued roll-back subsidy. Such price increase shall become effective either upon discontinuance of the roll-back subsidy or upon passage of this Act, whichever date is the later. For the purposes of this paragraph, the term 'roll-back subsidies' means subsidy payments, or purchases and sales of a commodity at a loss by the Government of the United States (including any Government-owned or controlled corporation), or contracts therefor, which resulted directly or indirectly in the lowering of ceiling prices below the maximum price levels established by the Office of Price Administration prior to the institution of the subsidy payments or purchases and sales at a loss, or the execution of the contracts therefor, whichever date is the earlier.

"(d) Nothing in this section shall be construed to affect the provisions of Public Laws 30, 88, 164, and 328 of the Seventy-ninth Congress, or to prevent the use of the sums authorized in such laws to fulfill obligations incurred prior to July 1, 1946, with respect to operations prior to such date.

"(e) Notwithstanding any of the foregoing provisions of this section 6, 1946 and 1947 crop program operations with respect to sugar, may, while maximum prices are in effect with respect to sugar, be continued until such crops are processed and distributed, and the cost of 1946 crop program operations with respect to sugar may be charged to the funds authorized by Public Law 30, Seventy-ninth Congress, as amended by Public Law 328, Seventy-ninth Congress. For the purpose of this section 6, no subsidy program operation on sugar shall be considered to be a new subsidy: *Provided*, That Commodity Credit Corporation or any other Government agency shall not absorb any increase in the price paid for Cuban sugar over 3.675 cents per pound, raw basis, f. o. b. Cuba, as being paid for such sugar, in Cuba, on June 30, 1946.

"(f) Nothing in this section shall be construed as a limitation upon operations authorized by the Veterans' Emergency Housing Act of 1946; and nothing in this act or in any other act shall prohibit the establishment of maximum sales prices or maximum rents for housing accommodations for which materials of facilities are allocated, or priorities for delivery thereof issued, under said Veterans' Emergency Housing Act of 1946.

"SEC. 7. Section 2 (i) of the Emergency Price Control Act of 1942, as amended, is amended to read as follows:

"'(i) For the purposes of this act and the Stabilization Act of 1942, as amended, fish and other sea food shall be deemed to be agricultural commodities, and commodities processed or manufactured in whole or substantial part from fish or other sea foods shall be deemed to be manufactured in whole or substantial part from agricultural commodities: *Provided*, That the provisions of section 3 of the Stabilization Act of 1942, as amended, shall not be applicable with respect to fish and other sea foods and commodities processed or manufactured in whole or substantial part therefrom, but the maximum price established for any fish or sea food commodity or for any commodity processed or manufactured in whole or substantial part therefrom shall not be below the average price therefor in the year 1942.'

"SEC. 8. Section 2 (j) of the Emergency Price Control Act of 1942, as amended, is amended by inserting before the period at the end thereof a semicolon and the following: 'or (5) as authorizing any regulation or order of the Administrator to fix a quantity or percentage of any product which any seller may sell to the buyer.'

"SEC. 9. Section 2 (k) of the Emergency Price Control Act of 1942, as amended, is amended by inserting the words 'or any operator of any service establishment after the words 'seller of goods at retail.'

"SEC. 10. Section 2 of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof the following new subsections:

"'(o) No maximum price shall be applicable to any item served in any restaurant or other eating establishment if such item consists in whole or major part of a commodity to which no maximum price is applicable with respect to sales to restaurants and other eating establishments, unless the maximum price of such item, when sold by such restaurant or other eating establishment, is determined, under the applicable maximum price regulation or order, by the addition of a customary margin to the acquisition cost of such item.

"'(p) After July 1, 1946, no maximum price regulation or order shall be issued or continued in effect requiring any seller to limit his sales by any weighted average price limitation based on his previous sales.

"'(q) In the case of any retail industry, the principal sales of which consisted during the calendar years 1939 to 1941, inclusive, of sales of a commodity or commodities the production or retail distribution of which has been reduced, for a period of three years beginning on or after March 2, 1942, by 75 per centum or more below such production or retail distribution for the calendar years 1939 to 1941, inclusive, as a result of the operation of any governmental regulation or restriction, the Administrator shall not, in establishing maximum prices under this section, reduce established peacetime retail trade discounts or mark-ups or dealer handling charges for any such commodity before the retail unit sales of such commodity for a period of six months shall have reached the average annual retail unit sales thereof for the calendar years 1939 to 1941, inclusive.

"'(r) In the case of any wholesale industry, the principal sales of which consisted during the calendar years 1939 to 1941, inclusive, of sales of a commodity or commodities, the production or wholesale distribution of which has been reduced for a period of three years beginning on or after March 2, 1942, by 75 per centum or more below such production or wholesale distribution for the calendar years 1939 to 1941, inclusive, as the result of the operation of any governmental regulation or restriction, the Administrator shall not in establishing maximum prices under this section reduce established wholesale trade discounts or normal wholesale mark-ups for any such commodity prevailing on March 2, 1942, before the wholesale unit sales of such commodity for a period of six months shall have reached the average annual wholesale unit sales thereof for the calendar years 1939 to 1941, inclusive.

"'(s) No maximum price regulation or order shall require the reduction of the established peacetime discounts or mark-ups for the sale of any manufactured or processed commodity (treating as a single commodity for the purposes of this paragraph all commodities in a line of related commodities which, for the purpose of establishing manufacturers' and processors' maximum prices, have been placed by the Office of Price Administration under a single regulation) if the retail, wholesale, or other distributive trade selling such commodity shows that the commodity constituted approximately one-half or more of the gross sales incomes of a majority of the persons engaged in such trade in 1945 and that, in the first quarter of 1946, the deliveries of such commodity to such distributive trade were less than 100 per centum of the deliveries thereof in the corresponding quarter of 1945.

"'(t) In establishing maximum prices applicable to wholesale or retail distributors, the Administrator shall allow the average current cost of acquisition of any commodity, plus such average percentage discount or markup as was in effect on March 31, 1946.

"'(u) After the date upon which this subsection takes effect, no maximum price shall be established or maintained, under this Act or under any other provision of law, with respect to any new commodity when the Administrator upon application finds that its use, in the production, manufacturing, or processing of any commodity or commodities, without increasing the cost to the ultimate user, either increases the life or reduces the cost of production, manufacture, or processing of the commodity or commodities produced, manufactured or processed. As used in this subsection the term "new commodity" means a commodity which was not commercially or industrially available prior to January 30, 1942.

"'(v) In the case of softwood logs and lumber, the maximum prices shall be established at a level which will permit producers of at least 90 per centum of the production of softwood logs and lumber to recover their current costs of production.

"'(w) In establishing maximum prices for sales of finished woven or knitted fabrics made primarily of cotton fiber or for the sales of apparel made therefrom it shall be unlawful for the Administrator to establish or maintain differentials in the method of determining the basic grey-goods cost or the

finished-woven-fabrics or finished-knitted-fabrics cost to which a mark-up is to be applied based on the degree of integration of the seller.

"'(x) Whenever the world price of a commodity essential to the economy of the United States (average price at which such commodity could be purchased when landed duty paid at any United States port of entry) exceeds the maximum purchase price established by the Administrator, and results in—

"'(e) an actual reduction of the importation of such commodity into the United States in an amount substantial in relation to the total consumption of the commodity in the United States; or

"'(2) the substantial curtailment or restriction of the domestic trade in such commodity or products processed directly therefrom,

the Administrator shall, in order to maintain and increase domestic production and employment and to make possible the balancing of supply and demand, promptly remove maximum purchase prices from imports of such commodity and maximum prices from products processed directly therefrom, or increase the maximum prices of imports of such commodity and of products processed directly therefrom to the extent necessary to prevent such reduction in importation or curtailment of domestic trade.'"

"SEC. 11. The Emergency Price Control Act of 1942, as amended, is amended by inserting after section 5 thereof the following new section:

"'SEC. 6. (a) For the purposes of this section the base period shall be the calendar year 1940, or in the case of an industry customarily keeping its accounts on a fiscal year basis, the industry's fiscal year 1940.

"'(b) In order that adequate general price levels shall be established for all commodities to bring about maximum production and employment, no maximum prices shall be established or maintained for any product of a producing, manufacturing, or processing industry (including any industry furnishing service or transportation the charges for which are subject to the Administrator's control) which do not return on the average to the industry not less than the average dollar price of such product during the base period, plus the average increase in cost of producing, manufacturing, or processing the same accruing since the base period, but the maximum prices for a product shall be deemed in compliance with this standard if such prices on the average are equal to the average current total cost of the product plus the industry's average over-all profit margin on sales in the base period.

"'(c) For the purpose of determining costs under this section, currently or for the base period, the Administrator shall ascertain the costs of a reasonable number of typical producers, manufacturers, or processors and shall follow accepted methods of accounting and such fair and reasonable methods of calculation as he shall establish by regulation, including adjustments for temporary cost abnormalities which may be reasonably anticipated to be eliminated within the three months following the Administrator's determination, and adjustments for increases in the volume of production which may be reasonably anticipated to be experienced within such three-month period.

"'(d) Maximum prices established hereunder shall not be held invalid on account of their failure to return his costs to any particular member of any group involved.

"'(e) Nothing herein shall nullify the power of the Administrator to make reasonable adjustments and exceptions in individual cases under the provisions of section 2 (c) of this Act.

"'(f) If the maximum prices of a product on the average equal its average current total cost plus a reasonable profit, nothing herein shall require any further adjustment of such maximum prices for any period with respect to which it appears that a substantial expansion in the production or use of the product would not be practicable or would be practicable only by reducing the production of at least equally needed products.

"'(g) As used in this section, "product" shall mean any major item, or any article different in character from other products of the industry; but all the styles, models, or other varieties of any such item or article shall be considered as one product.

"'(h) The provisions of this section shall not apply with respect to any maximum price applicable to manufacturers or processors in the case of products made in whole or major part from cotton or cotton yarn or wool or wool yarn.

"'(i) Nothing in this section shall be construed to require any adjustment in maximum prices except pursuant to an application filed under this paragraph, or be construed to invalidate any maximum price unless there is a failure to make adjustments, in accordance with the procedure prescribed in this paragraph, to such extent as may be required to comply with the standards set forth in this section. Any industry advisory committee may apply to the Administrator for the adjustment of the maximum prices applicable to any product in accordance with the standards set forth in this section, and shall present with the application comprehensive evidence with respect to costs and prices. The Administrator shall consider the evidence so presented and all evidence otherwise available to him and, within 60 days after the receipt of such application, he shall make the adjustments in maximum prices required by this section, or, if he finds that no such adjustments are required, he shall deny the application. If the Administrator neither makes the adjustments in the maximum prices for any product required by this section, nor denies the application for such adjustments, within the 60-day period prescribed in this paragraph, the industry advisory committee concerned may petition the Emergency Court of Appeals, created pursuant to section 204, for relief; and such court shall have jurisdiction by appropriate order to require the Administrator to make such adjustments or deny such application within such time, not to exceed 30 days, as may be fixed by the court. If the Administrator fails to make such adjustments or deny such application within the time so fixed, no maximum price shall thereafter be applicable with respect to any sale of such product by any seller.'

"SEC. 12. (a) The second sentence of section 205 (e) of the Emergency Price Control Act of 1942, as amended, is amended to read as follows: 'In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) Such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, or (2) an amount not less than $25 nor more than $50, as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation, order, or price schedule in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.'

"(b) Section 205 (e) of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof the following new paragraphs:

"'The Administrator may not institute any action under this subsection on behalf of the United States, or, if such action has been instituted, the Administrator shall withdraw the same—

"'(1) if the violation arose because the person selling the commodity acted upon and in accordance with the written advice and instructions of the Administrator or any regional administrator or district director of the Office of Price Administration; or

"'(2) if the violation arose out of the sale of a commodity to any agency of the Government, or to any public housing authority whose operations are supervised or financed in whole or in part by any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

"'The Administrator shall not institute or maintain any enforcement action under this subsection against any manufacturer of apparel items where the Administrator shall determine (1) that the transactions on which such proceeding is based consisted of the manufacturer's selling such an item at his published March 1942 price list prices instead of his March 1942 delivered prices, and (2) that the seller's customary pricing patterns for related apparel items would be distorted by a requirement that his ceilings be the March 1942 delivered prices. The Administrator's determinations under this paragraph shall be subject to review by the Emergency Court of Appeals in accordance with sections 203 and 204.'

"SEC. 13. The third sentence of paragraph (2) of section 205 (f) of the Emergency Price Control Act of 1942, as amended, is amended to read as follows: 'If any such court finds that such person has violated any of the provisions of such license, regulation, order, price schedule, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation has occurred, or to the extent that it authorizes such person to sell any commodtiy or commodities with respect to which a regulation or order issued under section 2, or a price schedule effective in accordance with the provisions of section 206, is applicable; but no suspension shall be for a period of more than twelve months, and if the defendant proves that the violation in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation, then in that event no suspension shall be ordered or directed.'

"SEC. 14. Section 3 of the Stabilization Act of 1942, as amended, is amended by adding at the end thereof the following new paragraph:

"'On and after the date of the enactment of this paragraph, it shall be unlawful to establish, or maintain, any maximum price applicable to manufacturers or processors, for any major item in the case of products made in whole or major part from cotton or cotton yarn or wool or wool yarn, unless the maximum price for such major item is fixed and maintained at not less than the sum of the following:

"'(1) The cotton or wool cost (which must be computed at not less than the parity price or the current cost, whichever is greater, of the grade and staple of cotton or wool used in such item, delivered at the mill);

"'(2) A weighted average of mill conversion costs; and

"'(3) A reasonable profit (which shall not be less than a weighted average profit for each unit of such item equal to the weighted average of the profit earned on an equivalent unit of such item during the period 1939 to 1941, both inclusive.'

"SEC. 15. The Secretary of Agriculture, through the Commodity Credit Corporation or otherwise, is hereby authorized to allocate feed which he controls to feeders of livestock and poultry in domestic areas which he may determine to be in an emergency shortage condition with respect to animal and poultry feed.

"SEC. 16. (a) In the event producers of wheat are required by an order issued pursuant to the Second War Powers Act, 1942, as amended, to sell all or any part of wheat delivered to an elevator prior to April 1, 1947, the Commodity Credit Corporation shall offer to purchase the wheat so required to be sold at a price determined as follows: The purchase price paid for the wheat shall be the market price at the point of delivery as of any date the producer may elect between the date of delivery and March 31, 1947, inclusive: *Provided, however,* That only one election may be made for each lot of wheat: *And provided further,* That the producer may not elect a date prior to the date on which he mails a written notice to Commodity Credit Corporation of his election. In the event the producer does not notify Commodity Credit Corporation in writing by March 31, 1947, of his election of a date for determining the market price, such date shall be deemed to be March 31, 1947.

"(b) Any producer of wheat who, prior to the date of enactment of this Act, has sold any wheat pursuant to the requirements of paragraph (ee) (1) of War Food Order Numbered 144, may, at any time within thirty days after the date of enactment of this Act, pay to the Commodity Credit Corporation a sum equal to the amount for which he sold such wheat. Any producer paying any such sum to the Commodity Credit Corporation shall be deemed to have sold and delivered to the Commodity Credit Corporation as of the date he pays such sum a quantity of wheat equal in grade and quality to the quantity sold by him pursuant to such requirements and the purchase price to be paid to him for such wheat shall be determined in the same manner as in the case of a sale of wheat to the Commodity Credit Corporation pursuant to the provisions of subsection (a) of this section.

"SEC. 17. This Act may be cited as the 'Price Control Extension Act of 1946.'

"SEC. 18. (1) The provisions of this Act shall take effect as of June 30, 1946, and (2) all regulations, orders, price schedules, and requirements under the Emergency Price Control Act of 1942, as amended (except regulations or requirements under section 2 (e) thereof relating to meat, flour, or coffee), and the Stabilization Act of 1942, as amended, which were in effect on June 30, 1946, shall be in effect in the same manner and to the same extent as if this Act had been enacted on June 30, 1946, and (3) any proceeding, petition, application, or protest which was pending under the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended, on June 30, 1946, shall be proceeded with and shall be effective in the same manner and to the same extent as if this Act had been enacted on June 30, 1946: *Provided,* That in any case in which the Emergency Price Control Act of 1942, as amended (except sections 204 and 205), or the Stabilization Act of 1942, as amended (except sections 8 and 9), or any regulation, order, or requirement under either of such Acts, prescribes any period of time within which any act is required or permitted to be done, and such period had commenced but had not expired on June 30, 1946, such period is hereby extended for a number of days equal to the number of days from July 1, 1946 to the date of enactment of this Act, both inclusive: *Provided further,* That no act or transaction, or omission or failure to act, occurring subsequent to June 30, 1946, and prior to the date of enactment of this Act shall be deemed to be a violation of the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended, or of any regulation, order, price schedule, or requirement under either of such Acts: *Provided further,* That insofar as the provisions of this Act require the Administrator to make any change in any maximum price, such provisions shall not be deemed to require such change to be made before the thirtieth day following the date of enactment of this Act."

And the Senate agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
WILLIAM B. BARRY,
RALPH A. GAMBLE,
Managers on the Part of the House.

ROBERT F. WAGNER,
ALBEN W. BARKLEY,
GEORGE L. RADCLIFFE,
SHERIDAN DOWNEY,
CHAS. W. TOBEY,
ROBERT A. TAFT,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 371) extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

THE JOINT RESOLUTION PASSED BY THE HOUSE

The joint resolution as passed by the House contained only four sections, and its purpose was to provide retroactively for a brief extension of the Price Control Act and the Stabilization Act, without other change, in order to give time for Congress to work out further legislation on the subject.

Sections 1 and 2 provided for continuing the Price Control Act and the Stabilization Act until July 20, 1946.

Section 3 provided for authority in the Commodity Credit Corporation and the Reconstruction Finance Corporation to continue subsidy and purchase and sale operations until July 20, 1946, subject to the limitation that no new operations should be undertaken, and subject to the further limitation that no change should be made in the basis of operations existing on June 29, 1946, which would increase the rate of any subsidy or the rate of loss incurred with respect to any commodity.

Section 4 provided that the joint resolution should take effect as of June 30, 1946, the purpose being to insure that the provisions of the two acts and the regulations, orders, and other actions issued or taken thereunder should be considered as not having ceased to be in effect on June 30, 1946; but the section contained an exception to insure that no person would be subject to any suit, action, or prosecution on account of offenses committed subsequent to June 30, 1946, and prior to the date of the enactment of the joint resolution.

THE SENATE AMENDMENT

The Senate amendment is a substitute for all after the resolving clause of the joint resolution passed by the House.

The Senate amendment differs from the joint resolution as passed by the House in that, instead of providing for a temporary extension with a view to working out further legislation, it proposes extension until June 30, 1947, and proposes numerous substantive changes to govern the operation of price controls during the period of extension. Since the substitute agreed to in conference follows the pattern of the Senate amendment, with exceptions, hereinafter explained, the provisions of the Senate amendment are outlined in detail below:

Sections 1, 2, and 16—extension of Price Control Act and Stabilization Act

Sections 1 and 2 of the Senate amendment amend the Price Control Act and the Stabilization Act so as to continue such acts in effect until June 30, 1947. By section 18 these amendments, as well as the other amendments proposed, are made effective as of June 30, 1946, so as to insure that the provisions of these acts will not be considered to have ceased to be in effect on June 30, 1946, and it is provided in section 18 that all regulations, orders, price schedules, and requirements under the Price Control Act and the Stabilization Act which were in effect on June 30, 1946, shall be in effect in the same manner and to the same extent as if this legislation had been enacted on June 30, 1946; but a saving provision is included that no act or transaction occurring after June 30, 1946, and prior to the date of enactment of this legislation shall be deemed to be a violation of the Price Control Act or the Stabilization Act, or of any regulation, order, price schedule, or requirement under either of such acts. A provision is also included in section 18 to preserve the status of proceedings, petitions, applications, and protests which were pending on June 30, 1946, but providing, in appropriate cases, that where any period of time was prescribed within which any act was required or permitted to be done, and such period had commenced but had not expired on June 30, 1946, such period shall be extended for a number of days equal to the number of days from July 1, 1946, to the date of enactment of this legislation.

Section 3—Decontrol of commodities; price adjustments and administration in case of agricultural commodities

The Senate amendment (by sec. 3) proposes to add after section 1 of the Price Control Act a new section 1A containing declarations of congressional policy regarding termination of price controls and related controls, and prescribing particular standards or requirements with respect to termination of price controls. In addition to its decontrol provisions, it relates to price adjustments and price administration in the case of agricultural commodities. The proposed new section 1A is explained below.

Objectives: Subsection (a) of this new section states that the rapid attainment of production equal to the public demand is one of the necessary and urgent objectives for the prevention of inflation and for the achievement of a reasonable stability in the general level of prices and rents, cost of living, and costs of production; that unnecessary or unduly prolonged controls over prices and rents and use of subsidies would be inconsistent with the return to a healthy peacetime economy and would tend to repress and prevent the attainment of the goals stated in the act; and that adequate prices are necessary stimulants to the desired production and the expeditious attainment of said goals.

Declaration of decontrol policy: Subsection (b) of the new section declares the policy of Congress that the Office of Price Administration, and other agencies of the Government, shall use their price, subsidy, and other powers to promote the earliest practicable balance between production and demand in the case of commodities under their control, and that the general control of prices and the use of subsidy powers shall be terminated as rapidly as possible consistent with the policies and purposes set forth in this section and in no event later than June 30, 1947, and that on that date the Office of Price Administration shall be abolished.

Recommendations by the President: Subsection (c) of the new section provides, in paragraph (1) thereof, that the President shall recommend to the Congress as soon as practicable and in any event on or before January 15, 1947, such further legislation as in his judgment is needed to establish monetary, fiscal, and other policies which are adequate to supplement the control of prices and wages during the balance of the fiscal year 1947, and to insure that general control

of prices and wages can be terminated by June 30, 1947, without danger of inflation thereafter. Paragraph (2) of this subsection provides that on or before April 1, 1947, the President shall report to the Congress what, if any, commodities or classes of commodities, including housing accommodations, are in such critically short supply as to necessitate, in his judgment, the continuance of price control or rent control as to them after June 30, 1947, together with his recommendations as to established departments or agencies of the Government which should be charged with the administration of such control.

Decontrol in case of nonagricultural commodities: Subsection (d) of the new section 1A relates to the decontrol of nonagricultural commodities. First, paragraph (1) of this subsection provides for the removal of maximum prices on nonagricultural commodities not important in relation to business costs or living costs. The Price Administrator is directed to proceed with the decontrol of these commodities as rapidly as, in his judgment, will be consistent with the avoidance of a cumulative and dangerous unstabilizing effect. Maximum prices on all such commodities are to be removed on or before December 31, 1946, and after that date no maximum price may be maintained for any nonagricultural commodity or class of commodities unless the same has been expressly found by the Administrator to be important in relation to business costs or living costs.

Paragraph (2) of subsection (d) states a general rule for the removal of maximum prices in the case of nonagricultural commodities, whether or not such commodities are important in relation to business costs or living costs. This rule is that maximum prices shall be promptly removed whenever the supply of a commodity exceeds or is in approximate balance with the demand therefor (including appropriate inventory requirements). Under this subsection, it is the duty of the Administrator to remove maximum prices upon his own initiative when the applicable decontrol standards are satisfied; however, provision is made in the later parts of this section for industry advisory committees to petition the Administrator for decontrol when such committees believe that the applicable decontrol standards have been satisfied and, in case of adverse action by the Administrator upon such a petition, further provision is made for an appeal to an independent Price Decontrol Board which may order the Administrator to remove maximum prices.

Paragraph (3) of subsection (d) provides that the Price Administrator, with the advance consent in writing of the Price Decontrol Board, may reestablish maximum prices for a nonagricultural commodity which has been decontrolled, if the supply of such commodity is no longer consistent with the applicable decontrol standard.

Paragraph (4) of subsection (d) prohibits the imposition or maintenance of price controls with respect to petroleum or petroleum products processed or manufactured in whole or substantial part from petroleum unless the Price Decontrol Board first determines and certifies in writing to the Administrator that the supply of crude petroleum, or the particular product on which controls are to be imposed or maintained, is insufficient to meet the domestic demand therefor.

Decontrol and other requirements in case of agricultural commodities: Subsection (e) of the proposed new section 1A contains provisions relating to the removal of maximum prices on agricultural commodities, the adjustment of such maximum prices, and other provisions relating to the administration of maximum prices on agricultural commodities.

Paragraph (1) of this subsection provides that the Secretary of Agriculture shall certify to the Price Administrator each agricultural commodity which the Secretary determines to be in short supply. An agricultural commodity will be in short supply for the purposes of this section, unless the supply of such commodity equals or exceeds the requirements for such commodity for the current marketing season. No maximum price may be applicable to any agricultural commodity during any calendar month which begins more that 30 days after the enactment of this section, unless such commodity is certified by the Secretary of Agriculture as being in short supply.

Paragraph (2) of subsection (e) provides that whenever the Secretary of Agriculture determines that maximum prices on any agricultural commodity which is in short supply are impeding the necessary production of such commodity, he may recommend to the Price Administrator such adjustments in such maximum prices as the Secretary determines to be necessary to attain the necessary production of such commodity; and the Price Administrator is required to adjust such maximum prices in accordance with such recommendations. This paragraph (2) also contains a provision relating to the decontrol of agricultural commodities not important in relation to business costs or living costs. The Secretary of Agriculture is directed to recommend to the Price Administrator the removal of maximum prices on such commodities as rapidly as, in the judgment of the Secretary, will be consistent with the avoidance of a cumulative and dangerous unstabilizing effect, and he is to recommend the removal of maximum prices on all such unimportant commodities by December 31, 1946. The Administrator is required to remove maximum prices in accordance with such recommendations.

Paragraph (3) of this subsection provides that whenever the Secretary of Agriculture determines that an agricultural commodity with respect to which maximum prices have been removed is in short supply and that the reestablishment of maximum prices with respect thereto is necessary to effectuate the purposes of the Price Control Act, the Secretary, with the written consent of the Price Decontrol Board, may recommend to the Administrator, the reestablishment of price controls with respect to such commodity, and that the Administrator shall reestablish such controls upon such recommendation.

Paragraph (4) of this subsection defines the term "agricultural commodity" to mean (except for purposes of subsection (d) (6)) any agricultural commodity and any food or feed product processed or manufactured in whole or substantial part from any agricultural commodity.

Paragraph (5) of this subsection (e) provides that the Secretary of Agriculture, in exercising his functions under the Emergency Price Control Act, shall not be subject to the direction or control of any other appointive officer or agency in the executive branch of the Government, except to the extent that a review of his decisions by the Price Decontrol Board is provided for in this section, and that no such officer or agency shall undertake to exercise any direction or control over the Secretary of Agriculture with respect to the exercise of such functions. This paragraph also provides that the Secretary of Agriculture may at any time withdraw his approval of any action with respect to which his approval is required under the Emergency Price Control Act, and that upon the withdrawal of his approval such action shall be rescinded. This provision is related to section 3 (e) of the present law, which requires that written approval of the Secretary of Agriculture be obtained for actions taken under the Price Control Act with respect to agricultural commodities and with respect to regulations, orders, price schedules, and other requirements applicable to processors with respect to food or feed products processed or manufactured in whole or substantial part from agricultural commodities.

Paragraph (6) of this subsection (e) provides that no maximum price and no regulation or order under the Price Control Act or the Stabilization Act shall be applicable with respect to any agricultural commodity, or any service rendered with respect to any agricultural commodity, unless a regulation or order establishing a maximum price with respect to such commodity had been issued under the Price Control Act prior to April 1, 1946. This provision will not prevent the restoring of maximum prices in the case of a commodity upon which maximum prices had been in effect prior to April 1, 1946, even though maximum prices upon such commodity had been removed and were not in effect on April 1, 1946, nor will it prevent the maintenance of maximum prices upon a commodity if a regulation or order establishing maximum prices upon such commodity had been issued prior to April 1, 1946, even though such regulation or order did not take effect until after that date. On the other hand, the provision will prohibit other types of regulations and orders as well as maximum prices in the case of any agricultural commodity unless a regulation or order had been issued prior to April 1, 1946, establishing a maximum price on such commodity. Thus, in the case of cotton, the recent order relating to margin requirements for futures trading, although not a maximum price regulation or order, will be made inapplicable because maximum prices with respect to cotton were not established prior to April 1, 1946.

Paragraphs (7) to (11), inclusive, of such subsection (e) specifically decontrol certain specified commodities. They provide that no maximum price and no regulation or order under the Price Control Act or the Stabilization Act shall be applicable with respect to the following commodities:

(1) Livestock, poultry, or eggs, or food or feed products processed or manufactured in whole or substantial part from livestock, poultry, or eggs.

(2) Cottonseed, soybeans, or products processed or manufactured in whole or substantial part from cottonseed or soybeans.

(3) Milk or food or feed products processed or manufactured in whole or substantial part from milk.

(4) Grains for which standards have been established under the United States Grain Standards Act, and any livestock or poultry feed processed or manufactured in whole or substantial part therefrom.

(5) Leaf tobacco and tobacco products processed or manufactured in whole or substantial part therefrom.

Paragraph (12) of such subsection (e) makes it unlawful for the Administrator, in establishing maximum prices for sales of finished woven fabrics made primarily of cotton fiber or of apparel made therefrom, to establish or maintain differentials in the method of determining the basic grey-goods cost or the finished-woven-fabrics cost to which a mark-up is to be applied based on the degree of integration of the seller.

Saving provision: Subsection (f) of the proposed new section 1A provides that nothing in this section shall limit the authority to remove maximum prices at an earlier time than would be required by the section.

Petitions for decontrol: Subsection (g) of the proposed new section provides that the industry advisory committee appointed under the Price Control Act with respect to a commodity may file a petition for the removal of maximum prices on such commodity, if in the judgment of the committee the standards set forth in this section

require the removal of maximum prices for such commodity. Such petitions are to be filed with the Price Administrator in the case of nonagricultural commodities and with the Secretary of Agriculture in the case of agricultural commodities. The petition is to state the grounds upon which the committee believes the removal of maximum prices to be required and is to be accompanied by written evidence in support of the petition. The Administrator or the Secretary of Agriculture, as the case may be, must act upon the petition within 15 days after it is filed. If the petition is not granted in full, the Administrator or the Secretary, as the case may be, must, upon the request of the industry advisory committee, hold a hearing for the further consideration of the petition, and must within 15 days after the hearing make a decision upon the petition. If the petition is denied in whole or in part, such decision must be accompanied by a written statement of the reasons for denying the petition in whole or in part. If the Administrator or the Secretary has not granted the petition after the hearing, the petitioning industry advisory committee may petition the Price Decontrol Board, established under this section, for a review of the action of the Administrator or the Secretary. The special method which is provided in this section for the consideration of petitions for decontrol made by industry advisory committees does not take away or impair any right of any person subject to a maximum price regulation to protest the continued maintenance of maximum prices in accordance with the regular protest provisions of the Price Control Act.

Price Decontrol Board: Subsection (h) of the proposed new section establishes a Price Decontrol Board as an independent agency in the executive branch of the Government. The Board is to be composed of three members appointed by the President by and with the advice and consent of the Senate. This Board is to have jurisdiction to review decisions of the Price Administrator and the Secretary of Agriculture in cases where those officers have failed or refused to remove price controls upon the petition of industry advisory committees. Upon such review the Board is to order the removal of maximum prices if and to the extent that in its judgment the standards of decontrol stated in subsections (d) and (e) have been satisfied with respect to the commodity involved. Also, as indicated above, price controls may be reestablished with respect to a commodity from which price controls have been removed only if the Price Decontrol Board gives its written consent to reestablishing such controls. This subsection contains provisions giving the Board such authority as is necessary to enable it to perform its functions and prescribing procedure to be followed with respect to petitions made to the Board.

Section 4—Establishment of regional industry advisory committees

Section 4 of the Senate amendment amends section 2 (a) of the Price Control Act by adding a new sentence requiring that in administering the provisions of such section 2 (a), relating to the establishment of industry advisory committees, the Price Administrator, upon the request of a substantial portion of the industry in any region, shall promptly appoint a regional industry advisory committee for such region.

Section 5—Rent ceilings in case of hotels

Section 5 of the Senate amendment proposes to add a new paragraph to section 2 (b) of the Price Control Act authorizing the Administrator, when establishing rent ceilings on hotels or when passing upon applications for adjustment of rent ceilings thereon, to take into consideration the distinction between transient hotels and residential or apartment hotels, including the difference in investment, operation, expenses, and mechanical details of operation. The provision contains a requirement that the Administrator classify separately by regulation (1) transient hotels, (2) residential and apartment hotels, and (3) tourist courts, rooming houses, and boarding houses.

Section 6—Subsidy operations

Section 6 of the Senate amendment contains provisions relating to subsidy operations (including buying for resale at a loss) in the case of the Commodity Credit Corporation and the Reconstruction Finance Corporation.

Subsection (a) provides that the last paragraph of section 2 (e) of the Price Control Act, as amended, shall not apply with respect to such operations for the fiscal year ending June 30, 1947, but such operations are limited as to purpose, amount, and duration by the following provisions:

"Payments and purchases may be made with respect to operations for the fiscal year ending June 30, 1947, which involve subsidies and anticipated losses as follows:

"(1) With respect to rubber produced in Latin America and Africa for which commitments were made before January 1, 1946, $31,000,000.

"(2) With respect to copper, lead, and zinc, in the form of premium price payments, $100,000,000: *Provided*, That (A) premiums shall be paid on ores mined or removed from mine dumps or tailing piles before July 1, 1947, though shipped and/or processed and marketed subsequently thereto; and that (B) the premium price plan for copper, lead, and zinc shall be extended until June 30, 1947, on terms not less favorable to the producer than heretofore and (i) adjustments shall be made to encourage exploration and development work, (ii) adequate allowances shall be made for depreciation and depletion, and (iii) all classes of premiums shall be noncancelable unless necessary in order to make individual adjustments of income to specific mines.

"(3) With respect to purchases by the Reconstruction Finance Corporation, of such tin ores and concentrates as it deems necessary to insure continued operation of the Texas City tin smelter.

"(4) With respect to noncrop programs, 1946 crop-program operations and the 1947 crop-program operations relating to sugar, flour, petroleum, petroleum products, and other domestic and imported materials and commodities, $869,000,000: *Provided*, That the operations authorized under this subparagraph (4) shall be progressively reduced, shall be terminated not later than April 1, 1947, and shall not cost more than $629,000,000 during the last 6 months of the calendar year 1946. Operations shall not be carried out under authority of this subparagraph (4) with respect to any commodity for any period during which maximum prices on such commodity are not in effect under the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended: *Provided*, That subsidies with respect to pertoleum produced from stripper wells shall be continued at not to exceed the existing rates. No new subsidy or purchase and sale operations shall be undertaken under the authority of this subparagraph (4), and no change shall be made in the basis of any existing operations for which funds are made available under this subparagraph, which will increase the rate of any subsidy or the rate of loss incurred with respect to any commodity."

The premium price plan for copper, lead, and zinc, and the stripper well subsidies on petroleum would be retroactive to June 30, 1946.

Subsection (b) provides that when any direct or indirect subsidy to an industry is reduced or terminated, any maximum price applicable to the product affected shall be correspondingly increased, except in the case of transportation subsidies and differential subsidies to high-cost producers.

Subsection (c) provides that when rollback subsidies have been in effect, and have been or shall be discontinued, equivalent price increases shall be permitted.

Subsections (d) and (f) contain saving provisions to make it clear that nothing in the section is to affect the operation of certain provisions of law, previously enacted, granting authority to engage in subsidy operations. These are Public Laws 30, 88, 164, 328, and 388 of the Seventy-ninth Congress.

Subsection (e) provides that notwithstanding other provisions of the section, 1946 and 1947 crop program operations with respect to sugar may, while maximum prices are in effect with respect to sugar, be continued until such crops are processed and distributed, and the cost of 1946 crop program operations with respect to sugar may be charged to the funds authorized by Public Law 30, Seventy-ninth Congress, as amended by Public Law 328, Seventy-ninth Congress. It is provided that for purposes of the section no subsidy program operation on sugar shall be considered to be a new subsidy. A proviso is included that neither the Commodity Credit Corporation nor any other Government agency shall absorb any increase in the price paid for Cuban sugar over 3.675 cents per pound, raw basis, f. o. b. Cuba, as being paid for such sugar, in Cuba, on June 30, 1946.

Section 7—Fish and sea-food commodities

Section 7 of the Senate amendment amends section 2 (i) of the Emergency Price Control Act of 1942, as amended, which now provides that no maximum price shall be established for any fishery commodity below the average price of such commodity in the year 1942. Under the proposed amendment, this subsection will provide that for the purposes of the Price Control Act and the Stabilization Act, fish and other sea foods shall be deemed to be agricultural commodities, and commodities processed or manufactured in whole or substantial part from fish or other sea foods shall be deemed to be manufactured in whole or substantial part from agricultural commodities. However, instead of making applicable to fish and other sea foods the provisions of section 3 of the Stabilization Act of 1942, which establishes for agricultural commodities pricing standards based on parity or the highest price prevailing between January 1, 1942, and September 15, 1942, the amendment provides that the maximum price for any fish or sea-food commodity or for any commodity processed or manufactured in whole or substantial part therefrom shall not be below the average price therefor in the year 1942. The amendment will have the effect of making applicable to fish and other sea foods the provisions of section 3 (e) of the Price Control Act relating to securing the written approval of the Secretary of Agriculture, and will also have the effect of making applicable to fish and other sea foods the decontrol standards which are provided for agricultural commodities.

Section 8—Limiting quantity of products sold to any buyer

Section 8 of the Senate amendment adds to section 2 (j) of the Price Control Act a provision to the effect that nothing in such Act shall be construed as authorizing any regulation or order of the Administrator to fix a quantity or percentage of any product which any seller may sell to any buyer. This provision would have the effect of discontinuing and prohibiting such limitations as that contained in Maximum Price Regulation 602, which provides that a manufacturer of nylon hosiery may not distribute a larger percentage of his product to wholesale outlets than he did in the base year, 1941.

Section 9—Highest price line in service establishments

Section 9 of the Senate amendment amends section 2 (k) of the Price Control Act so as

to make applicable with respect to service establishments the provisions of that subsection which provide that no seller of goods at retail shall be required to limit his sales with reference to any highest price line offered for sale by him at any prior time.

Section 10—Subsections added to section 2 of the Price Control Act

Section 10 of the Senate amendment proposes to add new subsections (o) to (u), inclusive, at the end of section 2 of the Emergency Price Control Act of 1942.

Control of certain items in restaurants: The new subsection (o) provides that no maximum price shall be applicable to any item served in any restaurant or other eating establishment if such item consists in whole or major part of a commodity which is not under price control with respect to sales to such restaurant or other eating establishment, unless the maximum price of such item, when sold by such restaurant or other eating establishment, is determined by the addition of a customary margin to the acquisition cost of such item.

Maximum average price plan: The new subsection (p) provides that no maximum price regulation or order shall be issued or continued in effect requiring any seller to limit his sales by any weighted average price limitation based on his previous sales. This provision will have the effect of eliminating the maximum average price plan under which manufacturers subject to it are restrained from delivering for sale in any quarter goods averaging in price more than the weighted average price of the goods which he delivered for sale in a corresponding previous quarter.

Discounts in certain retail industries: The new subsection (q) provides that the Administrator shall not reduce established peacetime retail trade discounts or mark-ups or dealer handling charges in the case of certain commodities whose production was discontinued or restricted during the war. This restriction would apply in the case of any retail industry whose principal sales during the calendar years 1939 to 1941, inclusive, consisted of sales of a commodity or commodities whose production or retail distribution was reduced for a period of 3 years beginning on or after March 2, 1942, by 75 percent or more below such production or retail distribution for the calendar years 1939 to 1941, inclusive, as a result of the operation of any governmental regulation or restriction. The restriction contained in this subsection would no longer apply after the retail unit sales of an affected commodity for a period of 6 months have reached the average annual retail unit sales thereof for the calendar years 1939 to 1941, inclusive.

Discounts for certain wholesale industries: The new subsection (r) makes the same kind of provision, except as to dealer handling charges, for wholesalers dealing in the commodities described above in subsection (q) as that subsection makes for retailers dealing in such commodities.

Discounts for certain commodities: The new subsection (s) provides that no maximum price regulation or order shall require the reduction of the esablished peacetime discounts or mark-ups for the sale of any manufactured or processed commodity if the retail, wholesale, or other distributive trade selling such commodity shows that the commodity constituted approximately one-half or more of the gross sales income of a majority of the persons engaged in such trade in 1945 and that, in the first quarter of 1946, the deliveries of such commodity to such distributive trade were less than the deliveries thereof in the corresponding quarter of 1945. For the purposes of this subsection, all commodities in a line of related commodities which, for the purpose of establishing manufacturers' and processors' maximum prices, have been placed under a single regulation are to be treated as a single commodity. The effect of this provision is to require the dealers in farm implements and farm machinery, or in any other commodities to which the subsection may be applicable, be given maximum prices which will allow them the same discounts or mark-ups which they enjoyed during peacetime.

Maximum prices applicable to wholesale or retail distributors: The new subsection (t) provides that in establishing maximum prices applicable to wholesale or retail distributors, the Administrator shall allow the current cost of acquisition of any commodity, plus such percentage discount or mark-up as was in effect on June 29, 1946.

Certain new commodities: The new subsection (u) provides that no maximum price shall be established or maintained with respect to any new commodity the use of which, in the production, manufacturing, or processing of any commodity or commodities, without increasing the cost to the ultimate user, either increases the life or reduces the cost of production, manufacture, or processing of the commodity or commodities produced, manufactured, or processed, but the exemption provided for in this subsection is to apply only when the Price Administrator upon application finds that the standards prescribed in the subsection are met. The term "new commodity" is defined to mean a commodity which was not commercially or industrially available prior to January 30, 1942.

Section 11—Maximum prices in the case of products of a producing, manufacturing, or processing industry

This section of the Senate amendment proposes to add a new section 6 after section 5 of the Price Control Act, as amended.

Subsection (a) of the new section provides that for purposes of the section the "base period" shall be the calendar year 1940, or, in the case of an industry customarily keeping its accounts on a fiscal year basis, the industry's fiscal year 1940.

Subsection (b) prescribes the basic pricing standard to be applicable, in those cases where the procedure specified in subsection (i) is complied with, in the case of any product of a producing, manufacturing, or processing industry (including any industry furnishing service or transportation the charges for which are subject to the Administrator's control). This standard requires that no maximum prices shall be established or maintained for any such product which do not return on the average to the industry not less than the average dollar price of such product during the base period, plus the average increase in cost of producing, manufacturing, or processing the same accruing since the base period. It is provided, however, that the maximum prices for a product shall be deemed in compliance with the standard if such prices on the average are equal to the average current total cost of the product plus the industry's over-all profit margin on sales in the base period. A proviso is included requiring, in the case of logs, lumber, and lumber products, that maximum prices shall be established at a level which will permit producers of at least 90 percent of the production of such logs, lumber, or lumber products to recover their current costs of production. It is provided that the ceiling price of timber used or the current market price shall be considered the cost of such timber.

Subsection (c) provides that for purpose of determining costs the Administrator shall ascertain the costs of a reasonable number of typical producers, manufacturers, or processors and shall follow accepted methods of accounting and such fair and reasonable methods of calculation as he shall establish by regulation, including reasonable adjustments for conditions resulting from abnormal volume of production.

Subsection (d) provides that maximum prices established under the section shall not be held invalid on account of failure to return his costs to any partciular member of any group involved.

Subsection (e) is included to insure that nothing in the section will nullify the power of the Administrator, under section 2 (c) of the Price Control Act, to make reasonable adjustments and exceptions, in individual cases, to prevent undue hardship.

Subsection (f) specifies circumstances under which the section is not to be deemed to require adjustment of maximum prices in accordance with the basic pricing standard set forth in subsection (a). It provides that where the maximum prices of a product on the average equal its average current total costs, adjustment of maximum prices to accord with the standard shall not be required for any period during which it appears that a substantial expansion in the production or use of the product would not be practicable or would be practicable only by reducing the production of at least equally needed products.

Subsection (g) defines "product" to mean any major item, or any article different in character from other products of the industry; but all styles, models, or other varieties of any such item or article shall be considered as one product.

Subsection (h) provides that the provisions of the section shall not apply with respect to any maximum price applicable to manufacturers or processors in the case of products made in whole or major part from cotton or cotton yarn or wool or wool yarn.

Subsection (i) prescribes the procedure to be followed before the section, in any particular instance, is to require any adjustment in maximum prices or invalidate any maximum price. Any industry advisory committee is authorized to apply to the Administrator for the adjustment of maximum prices applicable to any product in accordance with the standards set forth in the section, and must present with the application comprehensive evidence with respect to costs and prices. The Administrator, on the basis of all evidence available to him, must within 60 days either make the adjustments in maximum prices required by the section or, if he finds that no adjustments are required, deny the application. If within the time specified the Administrator neither makes the adjustments nor denies the application, the industry advisory committee may petition the Emergency Court of Appeals for relief, and such court is given jurisdiction by appropriate order to require the Administrator to make the determination and announcement within such time, not to exceed 30 days as may be fixed by the court. It is provided that if the Administrator fails to make the determination and announcement within the time fixed no maximum price shall thereafter be applicable with respect to any sale of such product by any seller.

Section 12—Enforcement amendments

Section 12 of the Senate amendment relates to the enforcement provisions of section 205 (e) of the act. Subsection (a) prevents the cumulation of the Administrator's claims, except for three times the actual overcharges, where he brings a treble damage action based on overcharges to a number of buyers. Under the present law the Administrator might sue a grocer for $5,000 because of 100 overcharges of 10 cents each to 100 different buyers. Under the amendment the maximum recovery in that lawsuit would be $50. Had the overcharges been 20 cents each, the maximum recovery would be three times the overcharges, or $60.

This subsection also provides that if the defendant in a treble damage action proves that his violation was neither willful nor the result of failure to take practicable precautions against its occurrence the damages assessed shall be the amount of the overcharge. The effect of the amendment is to

eliminate in such cases the $25 minimum prescribed by the present law.

Subsection (b) forbids the Administrator from instituting or maintaining an action if (1) the violation arose because the seller acted upon and in accordance with the written advice and instructions of the Administrator or any regional administrator or district director of the Office of Price Administration or (2) if the violation arose out of a sale to an agency of the Federal Government or to any public housing authority supervised or financed by such an agency if the sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

The last paragraph of this subsection is designed to forbid the institution or maintenance of an action by the Administrator in a situation like that which has arisen in the work-glove industry. The amendment forbids enforcement action where the Administrator determines (1) that the violation consisted of an apparel manufacturer's selling an item at his published March 1942 price list prices instead of his March 1942 delivered prices, and (2) that his customary pricing patterns for related apparel items would be distorted by a requirement that his ceilings be the March 1942 delivered prices.

Section 13 of the Senate amendment amends section 205 (f) of the Emergency Price Control Act, relating to suspensions for violations of the act. The amendment made by this section provides that no suspension of a license shall be ordered or directed if the person charged with the violation proves that the violation in question was neither willful nor the result of failure to take proper precautions against the occurrence of the violation.

Section 14—Products made from cotton and wool

Section 14 of the Senate amendment proposes to add a new paragraph to section 3 of the Stabilization Act of 1942, as amended. This paragraph relates to maximum prices applicable to manufacturers or processors of products made in whole or major part from cotton or cotton yarn or wool or wool yarn. Under existing law the price standards established in the law must be applied separately to each major item in the case of products made in whole or major part from cotton or cotton yarn. This amendment makes it clear that when the current cost of cotton is higher than parity, the current cost must be used in applying such price standards separately to each major item. The amendment also specifies that as to each such major item there shall be added to the cotton cost the weighted average of mill conversion costs and a reasonable profit. This amendment also provides that the pricing standards applicable to major items made in whole or major part from cotton or cotton yarn under this paragraph shall also be applicable to major items made in whole or major part from wool or wool yarn. It contains a provision defining the reasonable profit as not less than a weighted average profit for each unit of the item in question equal to the weighted average of the profit earned on an equivalent unit of such item during the period 1939 to 1941, both inclusive.

Section 15—Relief of feed shortages

Section 15 of the Senate amendment provides that the Secretary of Agriculture, through the Commodity Credit Corporation or otherwise, is authorized to allocate feed which he controls to feeders of livestock and poultry in domestic areas which he determines to be in an emergency shortage condition with respect to animal and poultry feed.

Section 16—Government purchases of wheat

Section 16 of the Senate amendment provides that when producers of wheat are required by the Government, pursuant to the Second War Powers Act of 1942, as amended, to sell all or any part of the wheat delivered to an elevator prior to April 1, 1947, the Commodity Credit Corporation shall offer to purchase the wheat which the producers are required to sell. The purchase price to be paid by such corporation in these cases is to be the market price at the point of delivery as of any date the producer may elect between the date of delivery and March 31, 1947. The producer may not elect a date which has occurred prior to the time he makes his election. In this manner the producer is given an opportunity to decide whether or not he wiches to retain the right to profit from any increases which may occur in the market price of wheat before April 1, 1947; but, if he does so, he must assume the risk of loss which will result from any decrease in the market price of wheat prior to such date. Subsection (b) of this section in effect makes the provision described above retroactive until May 24, 1946, when the Government's present wheat purchase program was put into effect. Producers who have sold their wheat under that program prior to the date the provision above described takes effect may, by returning or paying to the Commodity Credit Corporation the sum which they received for their wheat when it was sold, place themselves in the same position as if the provisions of subsection (a) of this section had been in effect at the time when the wheat was sold.

Section 17—Short title

Section 17 of the Senate amendment contains a short title for the proposed legislation.

Section 18—Saving provisions

The provisions of section 18 of the Senate amendment have for the most part been explained hereinbefore in the discussion of sections 1 and 2 of such amendment. This section contains, in addition to the provisions there explained, a provision to the effect that in cases where the provisions of this legislation require the Price Administrator to make or permit changes in maximum prices, the Administrator shall have a period of 30 days from the date of enactment within which to comply with such requirements.

Section 19—Rent control under State law

Section 19 of the Senate amendment provides that whenever a State has established or establishes provisions for control and regulation of the rent of housing accommodations and the governor of the State notifies the Price Administrator that such regulation and control are in effect, no provision of the Price Control Act or regulations, orders, or requirements thereunder (except as to offenses previously permitted) relating to the establishment and maintenance of maximum rents under such act shall be applicable within the State. The section also directs the Administrator to cooperate with any such State to the fullest extent, and directs him to make available to the proper officials of the State records and other information requested by the State to enable it to effectively control and regulate such rents.

Section 20—Maximum prices in the case of pulpwood

Section 20 of the Senate amendment proposes to add a proviso at the end of section 3 (a) of the Price Control Act providing that no maximum price shall be imposed on pulpwood in any State at a price less than 100 percent of the highest maximum price established for pulpwood derived from trees of the same genus in any other State, zone, or region; but it is provided that fair and equitable differentials may be established between peeled and rough pulpwood.

THE SUBSTITUTE AGREED TO IN CONFERENCE

The substitute agreed to in conference amends the Price Control Act and the Stabilization Act, as of June 30, 1946, so as to provide for extension of such acts until June 30, 1947, and the provisions included in the conference substitute are similar, in general, to the provisions of the Senate amendment. The conference substitute differs from the Senate amendment in a number of respects, however, and these differences, except for minor and clarifying changes, are explained below:

Decontrol: As has been explained above, the Senate amendment provided for specific decontrol in the case of certain commodities. Except in the case of petroleum and petroleum products, there would have been no authority for the reestablishment of controls in the case of these commodities. While specific decontrol of all these commodities is retained in the conference substitute (except for products of cottonseed and soybeans other than feed or food products), the standard for recontrol in the case of petroleum and petroleum products is changed, and provisions have been included which would permit the reestablishment of controls in the case of the other named commodities under specified circumstances.

A special provision is included with respect to the following commodities: (1) Livestock, milk, or food or feed products thereof, (2) cottonseed and soybeans, and food or feed products thereof, and (3) grains for which standards have been established under the United States Grain Standards Act, and livestock or poultry feed produced therefrom. This special recontrol provision is contained in paragraph (8) of subsection (e) of the proposed new section 1A of the Price Control Act. Subparagraph (A) of this paragraph provides that price controls shall not be applicable to such commodities prior to August 21, 1946, but it directs the Price Decontrol Board to proceed forthwith to consider whether such commodities shall continue, after August 20, 1946, to be free from price controls. The Board, after opportunity for hearing to affected industries and consumers, is empowered by subparagraph (B) to determine whether or not any such commodity shall be subject to price controls after August 20, 1946. The Board is to direct that such commodity shall not be so regulated unless it finds (1) that the price of such commodity has risen unreasonably above a price equal to the lawful maximum price in effect on June 30, 1946, plus the amount per unit of any subsidy payable with respect thereto as of June 29, 1946, and (2) that such commodity is in short supply and that its regulation is practicable and enforceable, and (3) that the public interest will be served by such regulation. If in the case of any such commodity the Board fails to direct, on or before August 20, 1946, that such commodity shall not be subject to price controls, it is provided that maximum prices and regulations and orders under the Price Control Act and the Stabilization Act shall be applicable with respect to such commodity. If the Board directs, pursuant to subparagraph (B), that any such commodity shall not be so regulated, the Board may, pursuant to subparagraph (C), subsequently direct that the commodity shall be subject to price controls upon a finding on the basis of a standard similar to that which governs the Board's determination under subparagraph (B). Subparagraph (D) contains a provision permitting the exercise of the Board's decontrol and recontrol powers on a regional basis in the case of milk.

In the case of petroleum and petroleum products, poultry and eggs and food or feed products thereof, and leaf tobacco and products thereof, dealt with in subsection (d) (4) and subsection (e) (7), recontrol is not permissible until after August 20, 1946, and then only under the recontrol standards provided in paragraph 8 (C) of subsection (e).

By paragraph (9) of subsection (e) the Price Decontrol Board is empowered, where maximum prices are in effect with respect to a commodity listed in paragraph (8) (A), to

determine whether any subsidy or any part thereof in effect prior to June 30, 1946, shall be reestablished in whole or in part.

Paragraph (10) of subsection (e) provides that whenever maximum prices are in effect for a commodity processed or manufactured in whole or substantial part from any commodity listed in paragraph (8) (A) with respect to which maximum prices are not in effect, no maximum price, and no margin, mark-up, or discount, shall be maintained with respect to such processed or manufactured commodity which does not return to the processors, manufacturers, and distributors thereof (a) the raw material cost (which must be computed at least once every 60 days at not less than the current cost), (b) the conversion or distribution cost, and (c) a reasonable profit.

Maximum prices in the case of products of a producing, manufacturing, or processing industry: Section 11 of the conference substitute adds a new section 6 to the Price Control Act establishing standards applicable with respect to maximum prices for any product of a producing, manufacturing, or processing industry. This section 6 as included in the conference report is in general similar to the section 6 which the Senate amendment proposed to add to the Price Control Act, but certain important modifications have been made.

An explanation is made elsewhere in this report of the disposition made of the proviso contained in the Senate section relating to maximum prices in the case of logs, lumber, and lumber products.

Subsection (c) of the section in the Senate amendment relating to the determination of costs would have authorized the Administrator to make "reasonable adjustments for conditions resulting from abnormal volume of production." In the conference substitute this authority is modified so that in lieu thereof the Administrator would be authorized to make "adjustments for temporary cost abnormalities which may be reasonably anticipated to be eliminated within the three months following the Administrator's determination, and adjustments for increases in the volume of production which may be reasonably anticipated to be experienced within such three-month period."

Subsection (f) of the section as it appeared in the Senate amendment specified certain circumstances under which the Administrator would not be required to apply the general pricing standard established by the section. It provided that if the maximum prices of a product on the average equal the average current total costs, nothing in the section should require the adjustment of maximum prices for the product for any period during which it appears that a substantial expansion in the production or use of the product would not be practicable or would be practicable only by reducing the production of at least equally needed products. In the conference substitute this subsection has been modified so that failure to make the adjustments required by the general pricing standard of the section would be permitted, under the circumstances specified, only in cases where the maximum prices of a product, on the average, equal its average current total cost plus a reasonable profit.

Distributor discounts and mark-ups: The new subsection (t) of section 2 of the Price Control Act added by section 10 of the conference substitute, instead of requiring, as did the Senate amendment, that maximum prices applicable to wholesale or retail distributors shall allow the current cost of acquisition of any commodity plus such percentage discount or mark-up as was in effect on June 29, 1946, requires that such maximum prices shall allow the average current cost of acquisition plus such average percentage discount or mark-up as was in effect on March 31, 1946.

Subsidy operations: Except for clarifying changes the only differences between section 6 of the Senate amendment and section 6 of the conference substitute, which relate to subsidy and purchase and loss operations of the Commodity Credit Corporation and the Reconstruction Finance Corporation for the fiscal year ending June 30, 1947, are as follows:

(1) The last sentence of section 6 (a) (4) has been rewritten so that instead of expressing the limitations contained therein in terms "new" operations and "existing" operations it provides that "no subsidy or purchase and sale operation shall be undertaken under authority of this subparagraph (4) with respect to any commodity unless a subsidy or purchase and sale operation with respect to such commodity was in effect on June 29, 1946; and no such operation shall be undertaken under authority of this subparagraph (4) which will increase the rate of subsidy paid or the rate of loss incurred with respect to any commodity above that which would be paid or incurred if the operations in effect on June 29, 1946, had been continued on the same basis."

(2) In subsection (b), relating to price increases required in case of reduction or termination of subsidies, an additional exception is made with respect to subsidies in the form of premium payments under the Veterans' Emergency Housing Act of 1946. Also, the requirement as to increases in maximum prices is made applicable to the case where a commodity is recontrolled and subsidies are not restored or are restored only in part.

(3) A new clause has been added at the end of subsection (f), as follows: "and nothing in this Act or in any other Act shall prohibit the establishment of maximum sales prices or maximum rents for housing accommodations for which materials or facilities are allocated, or priorities for delivery thereof issued, under said Veterans' Emergency Housing Act of 1946."

Section 6 of the conference substitute, by imposing limitations on the amounts which may be used for the fiscal year ending June 30, 1947, for the operations referred to therein, prescribes maximum amounts which will be controlling over any other provision of law which might be construed to authorize the use of funds for such operations.

It is intended, and it is believed to be clear, that the provisions of section 6 shall not limit or affect payments or losses incident to such of the operations of the Commodity Credit Corporation as sales of commodities for export at competitive world prices pursuant to section 21 (c) of the Surplus Property Act of 1944, sales of farm commodities for new or byproduct uses pursuant to section 2 of the act of April 12, 1945 (59 Stat. 50), sales of commodities pursuant to section 2 of the act of April 12, 1945 (59 Stat. 50), which have substantially deterioriated in quality, or of nonbasic perishable commodities where there is danger of loss through waste or spoilage, and loans, purchases, or other price support operations which do not involve supporting prices to producers of agricultural commodities at levels above those reflected by price ceilings, or prevent parity payments or soil conservation payments under existing law or benefits under title III of the Sugar Act of 1937.

That part of the saving provisions of section 18 of the conference substitute providing that regulations, orders, and other requirements under the Price Control Act shall be in effect as though this legislation had been enacted on June 30, 1946, contains a provision, not included in the Senate amendment, to make clear that the Reconstruction Finance Corporation is not required to pay subsidies with respect to meat, flour, or coffee for the period between June 30, 1946, and the date of enactment of this legislation.

Maximum prices in case of woven fabrics of cotton fiber: Paragraph (12) of subsection (e) of the proposed new section 1A of the Price Control Act, in the Senate amendment, relating to maximum prices in the case of woven fabrics made primarily of cotton fiber, and apparel made therefrom, has been modified to apply also to knitted fabrics made primarily of cotton fiber and apparel made therefrom, and has been placed in section 10 of the conference substitute as new subsection (w) of section 2 of the Price Control Act.

Maximum prices in the case of logs, lumber, and lumber products: In section 6 of the Price Control Act as proposed to be added to present law by section 11 of the Senate bill there was a proviso requiring, in the case of logs, lumber, and lumber products, that maximum prices shall be established at a level which will permit producers of at least 90 percent of the production thereof to recover their current costs of production. At the end of this provisio was a sentence providing that the ceiling price of timber used or the current market price shall be considered the cost of such timber. The sentence has been omitted from the conference substitute. The remainder of the provisio has been placed in section 10 of the conference substitute as new subsection (v) of subsection 2 of the Price Control Act, and it has been modified so that it applies only in the case of softwood logs and lumber.

Maximum prices in the case of pulpwood: Section 20 of the Senate amendment, relating to maximum prices in the case of pulpwood, has not been included in the conference substitute.

Maximum prices in case of certain imported commodities and products processed therefrom: There has been included in section 10 of the conference substitute, as new subsection (x) of section 2 of the Price Control Act, a provision making it the duty of the Price Administrator, under specified circumstances, to remove or increase maximum prices in the case of certain imported commodities and products processed directly therefrom. This action is required to be taken, in order to maintain and increase domestic production and employment and to make possible the balancing of supply and demand, whenever the world price of a commodity essential to the economy of the United States (average price at which such commodity could be purchased when landed duty paid at any United States port of entry) exceeds the maximum purchase price established by the Administrator, and results in (1) reduction of importation in an amount substantial in relation to the total consumption of the commodity in the United States, or (2) the substantial curtailment or restriction of the domestic trade in such commodity or products processed directly therefrom.

State rent control: Section 19 of the Senate amendment, intended to provide for discontinuance of Federal rent controls in any State prepared to operate under its own rent control law, has not been included in the conference substitute.

In the amendment to section 2 (b) of the Price Control Act made by section 5 of the conference substitute a new paragraph has been included providing that while maximum rents are in effect under the Price Control Act with respect to housing accommodations in any defense-rental area, such housing accommodations shall not be subject to rent control by any State or local government. One effect of this provision is to make it clear that in any case where, since June 30, 1946, any State has put its own rent control law into operation, the rent provisions of the Price Control Act and the orders and regulations thereunder, within the field of their operation, will supersede such State law.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
WILLIAM B. BARRY,
RALPH A. GAMBLE,
Managers on the Part of the House.

Mr. O'NEAL (interrupting the reading of the conference report). Mr. Speaker, I ask unanimous consent that further reading of the conference report be dispensed with.

Mr. COLE of Missiouri. Mr. Speaker, I object.

(The Clerk concluded the reading of the conference report.)

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the statement of the managers on the part of the House be read.

Mr. SPENCE. I object, Mr. Speaker.

The SPEAKER. Objection is heard.

Mr. SPENCE. Mr. Speaker, I yield myself 5 minutes.

CALL OF THE HOUSE

Mr. KUNKEL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 233]

Adams	Delaney,	Morrison
Anderson, Calif.	John J	Norton
Andrews, N. Y.	Earthman	O'Konski
Baldwin, Md.	Engel, Mich.	Pace
Bates, Mass.	Gillespie	Patterson
Beckworth	Gore	Peterson, Ga.
Bell	Halleck	Priest
Bennet, N. Y.	Hébert	Rains
Boren	Hendricks	Reece, Tenn.
Boykin	Hill	Robinson, Utah
Bradley, Mich.	Holifield	Rockwell
Bryson	Izac	Roe, Md.
Bunker	Johnson, Okla.	Russell
Cannon, Fla.	Kefauver	Sasscer
Chenoweth	Kerr	Short
Clippinger	Kilburn	Simpson, Pa.
Cochran	Kilday	Slaughter
Coffee	Ludlow	Sparkman
Cole, Kans.	McGehee	Stewart
Combs	McKenzie	Tolan
Cooper	McMillan, S. C.	Torrens
Courtney	Mahon	Vinson
Cox	Maloney	Welch
Cravens	Mankin	West
Crawford	Mansfield,	Wickersham
Curley	Mont.	Wolfenden, Pa.
Daughton, Va.	Mansfield, Tex.	Wood
Dawson	May	
De Lacy	Miller, Calif.	

The SPEAKER. On this roll call 345 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EMERGENCY PRICE CONTROL ACT, 1942

The SPEAKER. The gentleman from Kentucky [Mr. SPENCE] is recognized.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield for a parliamentary inquiry?

Mr. SPENCE. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOLCOTT. Mr. Speaker, would a motion be in order that the time be extended beyond the time allowed under the rule?

The SPEAKER. That motion would not be in order at this time.

There was no objection.

Mr. SPENCE. Mr. Speaker, the issues are so clear in this matter that there is no room for any extended debate. The question is whether or not we shall extend the Price Control and Stabilization Acts for another year from June 30, 1946. We had a clear-cut issue on July 1 as to whether the House wanted to continue the Price Control and Stabilization Acts, and by a vote of 219 to 155 expressed the view that these acts should continue in force and passed the resolution which bears the same number as the present resolution we are considering. This resolution extended the time to July 20 in an endeavor—and it was solely for that purpose—that the Senate and the House might enact a bill that would serve the purposes which we are struggling to achieve. We are considering a resolution which I think in many respects is an improvement upon the first bill passed by the Congress and vetoed by the President. The issue is clear whether you want to continue price control and rent control or whether you want to abandon them.

It would be highly impracticable to continue rent control if you did not continue effective price control. There are so many elements of price and cost that enter into rents that it would be unjust to regulate one without the other. It seems to me there is a very great responsibility and a great burden upon the Congress at this time.

I heard the gentleman from Ohio this morning call the resolution a mongrel bill. Unfortunately price control is something that is not in accordance with the general views and convictions of the American people. It is restrictive in its nature. It compels the people to give up some rights in order that they may obtain more important ones. It is a shining mark for ridicule and derision. The gentleman called it a mongrel bill.

Eleven of the fourteen conferees signed the conference report. They signed it after long and laborious activity and study. It is a highly involved matter. I do not profess to be an expert in the intricacies and technicalities of price control, but we have brought a resolution back here which I think expresses in many ways the desires of the Congress. There is a Decontrol Board. That is a separate agency of the Government, entirely independent of the price-control organization.

The SPEAKER. The time of the gentleman from Kentucky has expired.

Mr. SPENCE. Mr. Speaker, I yield myself two additional minutes.

It has within it the power and the authority of the Decontrol Board to decontrol products for which ceilings have been set by the Price Administrator. It has been stated that the price control agencies, being jealous of their authority, did not abandon their control even though it was justified, but certainly that will not be applicable to the Decontrol Board.

I want you to approach this in the light of the importance of the question and the responsibility that is yours. This is an important issue to all the people of America. Looking alone to the interests of my party, I wish you would make it a political issue.

Of course, it is hard to arrive at a just conclusion between the producer and the consumer. The producer knows what he wants, he knows how to obtain it, and he ought to be considered. But there is an unorganized and nonvocal majority of the American people, the consuming public. If you fail to enact this law, they will rise up, I think, in their wrath if prices go where we may expect them to go.

I hope price control may soon be abandoned. I hope we may go back to the old ways of life and that we will need none of these emergency measures. But while we need them, let us maintain them and let them have an opportunity to keep the prices in such a state that the dollar of the American laborer and those who earn their living in the sweat of their brow may buy what they expected to buy, and will prevent in that way labor unrest and an indescribable train of evils.

Mr. SPENCE. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Speaker, we started out some weeks ago to correct a situation which was disrupting and very harmful to the economy of the Nation. It was our objective then to get full production as the only panacea for economic chaos. We succeeded in the bill which the President vetoed in providing that price controls be continued, and provided also that even though price controls were continued we would get a maximum amount of production of all commodities. When the President vetoed that bill, he, of course, eliminated all price controls which were in existence at that time or would have been put into effect under the bill which he vetoed.

I objected to the immediate consideration of a continuing resolution for 20 days, thinking that the Committee on Banking and Currency might have an opportunity to sit and do something with it. That was objected to. The Committee on Banking and Currency was bypassed and a rule was granted for the consideration of that bill. It passed and went to the Senate, and the Senate wrote in not only the specific decontrols which were deleted from the original bill but many others. So the bill has gone to conference and has come back to us. It is my studied opinion that this bill which is before the House today cannot be administered without very serious consequences to our economy generally. For that reason I did not sign the conference report. Prices cannot be controlled under this bill and production cannot be assured under the bill. I might say that briefly it may be put this way.

This is a bill not to control prices but to continue the control of our economy. I do not want to have any part of the inevitable economic confusion which will result from even an attempt to put this law into effect. In 10 minutes I cannot begin to cover one-third of the points which could be brought out in proof of the statement I have made. But I sat up rather late last night trying to get some things together which I thought might be helpful to the House. I found that in respect to recontrol there were three different standards. I do not have the time to name them. You can read

them in the bill. The bill was read and you probably picked them out as the Clerk was reading. I found there were six standards in the bill for the fixation of prices. I do want to call your attention to some of these, but before I do so for fear that my time will run out I want to say that one of the most disrupting influences in our economy is the uncertainty under which agriculture and industry will be forced to operate if this bill is signed by the President. First, the agricultural prices can be adjusted every 30 days so that no farmer and no processor of an agricultural commodity and no wholesaler or distributor will know from one 30-day period to another what the prices of any agricultural commodity are going to be. The prices of agricultural commodities and the supplies of agricultural commodities have a direct bearing upon whether the wheels of industry turn. If industry does not know from one month to the next what they have to pay for their raw materials which go into the finished products, then, of course, industry will hesitate to buy, and you confuse further the economy of our country by confusing the man in industry on what he may expect in raw material prices.

Then as August 20 approaches you are bound to dry up your sources of supply for all of the agricultural commodities which have been decontrolled by the Senate and which automatically go back under control by August 20 unless the decontrol board acts to the contrary. Who is going to buy meat and dairy products and the other things mentioned in the categories starting with meat on August 10 or August 5 without any assurance that he is going to empty his shelves of that commodity at a higher price before August 20? Of course, you cannot expect them to buy and fill up their shelves and fill out their inventories under a high price unless they are absolutely sure they are going to be able to get rid of them by the 20th of August. Those are just a couple of things. Let me tell you what has been done with respect to the confusion incident to the fixation of prices. Products manufactured and processed from meat, if the meat is not controlled, are determined by the current raw material price plus conversion and distribution costs plus a reasonable price. That is the formula we wanted to apply right straight across the board, but which they have applied to processed articles, meat, and so forth, provided the meat is not under control. The fact as to whether a processed article is a major item or not does not make any difference. In respect to the major items of cotton and woolens, we apply another price—the current cost or parity, whichever is higher, plus a weighted average of mill conversion costs, plus a reasonable profit. That applies to only the major items.

That is the formula which was contained in the original Wolcott amendment, but it is applied now to cotton, and it is applied to woolens. It is not applied to industrial commodities, which will result, of course, in a great deal of confusion, because the fabrics, in some instances, upon which certain phases of our industry are wholly dependent are included. But when meat, and commodities in the categories of meat, is under control, then those processed commodities manufactured from such products shall have still another formula. That is the formula under the so-called Barkley amendment, of the average cost of production plus the average increase in production costs and, in some cases, plus the average mark-up on top of that.

I wish I might have time to explain that the Administrator, nothing to the contrary notwithstanding, is given discretion as to whether he shall apply the Barkley standard, and it, therefore, gives him discretion to wholly nullify the standards contained in the so-called Barkley amendment.

Then we have another one in respect to restaurants, the price of meals to be fixed by adding the customary margin to the acquisition cost.

Next is the Barkley formula for all commodities not included in the items decontrolled in the Senate bill. To the average dollar price during the basic period you add the average increase in cost of production. You have to do that, or you add the average current total cost to the industry and thereafter the profit margin on sales in the base period. What are you going to apply? Industry does not know. Industry has no way of knowing which of these formulas will be applied by the Administrator.

Then, in the case of soft wood logs and lumber you apply another formula for price fixation. That price must be above the current cost of production. Nothing in respect to profit; nothing in respect to anything else except cost of production, as determined by the Price Administrator.

If I had time I would like to point out one of the very basic points in dispute in section (f) on page 13 of the conference report. That is in the application of the so-called Barkley amendment. If you read the first three lines and then stop, you may be reasonably satisfied, but if you read the last three lines in connection with the first three lines you would surely come to the conclusion that that language gives the Administrator of the OPA new and unusual powers to determine the quantity of production in every industry in the United States.

I think this conference report, in fairness to the American public, should be voted down.

The SPEAKER. The time of the gentleman from Michigan [Mr. WOLCOTT] has expired.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Speaker, we had a very difficult task in the conference, but we brought back to the House the best bill that we could obtain. As a matter of fact, I think we ought to have control on food for a while longer. Many of you members who do not want control on food ought to be pretty well satisfied with this report. We set up a decontrol board that is supposed to be fair. The members of the board will be appointed by the President and confirmed by the Senate. They are to go into the facts relative to each commodity and comply with the formula set out in the conference report. They must follow the formula and find that the facts justify a recontrol under the formula before putting control on.

We set up standards and a yardstick, so to speak, which the decontrol board must follow in decontrolling or recontroling commodities. I prefer this board, who will have plenty of time to go into the merits of each commodity to have controls taken off, than for Congress to act without having all the facts.

Here is a bill that will do that.

I am for this report and for this bill chiefly for this reason: I have always maintained that the producers in this country were entitled to cost and a reasonable profit. I say today that this is the spirit of the original act, and if OPA had carried out the spirit of the law you would have had more production and less complaint. I say to you, and I will prove it before I take my seat, that we have accomplished for all the producers of this country in this bill cost of production, current cost, and a reasonable profit. I say this will increase production. It may increase prices a little in some instances but it will increase production, the very thing that kills inflation.

Suppose it does increase prices a little bit, that is much better than turning everything loose with people bidding against each other and running commodities sky high.

The Bankhead-Brown amendment, as you know, was passed in 1944. The reason it was passed at that time was because cotton was bringing only 92 percent of parity while other commodities were bringing much more than parity. The Bankhead-Brown amendment said to the OPA that they must place a ceiling on textile items to reflect parity on cotton, because cotton was one of the basic crops and therefore you could not under the then existing law place ceilings so low as not to reflect parity on this commodity.

No one doubts the fairness and justice of the Bankhead-Brown amendment. The OPA did not, because in 1945 they had it in the bill they prepared, and in 1946 they had it in the bill they prepared. That is just exactly what we have done for practically everybody else. Let me show you how, and this will interest the gentleman from Michigan [Mr. WOLCOTT] who just preceded me.

We have modified the two provisions which the President said caused him to veto the original bill. One was the Taft amendment and the other was the Wherry amendment. We do not have the Taft amendment but we do have the Barkley amendment and an amendment introduced by me to the Barkley amendment which produces the same results, and at the same time makes it workable and unobjectionable to the President and OPA; that is, producers must have the cost of production plus a reasonable profit. Who wants more? Why should anybody object to control in wartime—and this is still war, because the war has not been brought to an end, only the shooting has stopped—who wants more than a reasonable profit during this emergency?

Senator TAFT and the other Senate conferees accepted it. I subscribe to it.

The gentleman from Michigan [Mr. WOLCOTT] objected to it. Senator TAFT signed the report, and he knows the amendment accomplishes the purpose which the Taft amendment undertook to accomplish but in such form as not to be objectionable but workable.

In the new section 6 of the Price Control Act added by section 11 of the bill, providing a general pricing standard in the case of products of any producing, manufacturing, or processing industry, except products covered by the revised Bankhead-Brown amendment, the principle of assuring an average price at least equal to the average costs of a product plus a reasonable profit has been included in subsection (f), in place of the provision as it appeared in the Senate amendment.

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. SPENCE. Mr. Speaker, I yield one additional minute to the gentleman from Georgia.

Mr. BROWN of Georgia. Section F of the Barkley amendment was hotly contested in the conference, and it looked as if we would never reach an agreement on account of the wording of section F.

The amendment which I offered as a compromise giving cost of production and a reasonable profit satisfied Mr. TAFT and the other Senate conferees. It is the thing I have been fighting for and had we had this principle heretofore we would have had more production.

Also, in paragraph 10 of subsection (e) of the new section 1A added to the Price Control Act, the standard of costs plus a reasonable profit has been made specifically applicable in the case of products produced from livestock, milk, cottonseed, soybeans, and grains, and certain products thereof, when these latter items are not themselves under price control.

The question is, Shall we take a reasonable attitude? This is the best bill we can now obtain and I think it will be helpful and bring on production, and still be fair to the producer, giving him a reasonable profit and at the same time be helpful to the consumer as it will prevent the price of certain commodities going sky-high. It is either this or nothing. I cannot believe that Members in this Chamber are going to turn down this report.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Speaker, for several years the average citizen was deprived of meat. Then came the President's veto June 29 of H. R. 6042, which snapped the bureaucratic chains that had been binding the meat industry hand and foot, and almost overnight that citizen could again supply himself with meat.

What is this august body, the Congress of the United States, doing now? Nothing less than contriving to again take meat away from that citizen, or at least the power to do so.

Why? Surely not because the price has risen so high that the public in general cannot afford to buy meat. The volume of sales belies any such conception.

The public in general abhors black markets, or at least the necessity for them. The OPA pronounced a malediction upon them. Black markets disappeared into the thin void when the dead hand of OPA was removed from the economy.

Yet, here is the National Legislature deliberating on a measure which will, if it passes, as surely as the sun rises in the east and sets in the west, restore the great mass of black markets that prevailed before the President's veto, or certainly vest in the President the power to do this.

Suddenly OPA and black-market operators find themselves in full agreement on the issue now before this body. Both want the OPA restored with full power to control all prices. Strange bedfellows, you may say, but not so when we look at the record. We had it in prohibition days, when we saw bootleggers striving with all their might for the retention of prohibition. The story is as old as corrupt government, which goes back to the birth of government itself.

Why does the OPA want controls put back on meat and other food products? There is but one answer, namely, control for control's sake. A power-mad political machine might be hampered by competition, the liberty of the individual to use his own brain, to plan, to choose, to judge, to compare. As Bastiat would put it, the New Deal seeks nothing less than to annihilate intelligence, thought, and man himself. Fascism under Hitler had, and communism under Stalin has, the same end in view. Basically, New Dealism identifies itself with both of these regimes.

This bill restores all the powers to the OPA which it had before the President's veto. Make no mistake about that. The OPA will possess power to order the economy at will. Some relief, such as that given to the automobile dealers, is provided but by and large this bill provides no relief whatever for American industry. It introduces and makes operative the most vicious policy conceivable, that of alternately removing ceiling prices and reestablishing them without end.

Industry will be without a base. It will be unable to program its activities from one day to the next.

Disorder of the economy will progress at an accelerating tempo and dictatorship continue in its march.

I am against collectivism in any form or degree. That is why I withheld my sanction to the conference report.

I refused to sign this death decree for free enterprise and liberty.

Mr. SPENCE. Mr. Speaker, I yield such time as he may desire to the gentleman from Connecticut [Mr. KOPPLEMANN].

Mr. KOPPLEMANN. Mr. Speaker, the provisions of this bill are thoroughly inconsistent with its purposes. The only reason for continuing price control through law is to have the machinery for orderly control of, or resistance to, a higher price trend which is inevitable in a period when the supply of goods is short of the demand. Prices are higher; there are no if's but's, or and's about that. Undoubtedly prices will go even higher, but the question that we must answer is whether prices will go up so far out of reach that economic disruption of all kinds will ensue—first in labor unrest because current wages will not be sufficient to purchase even the minimum necessary things that millions of families need; second in a disruption of markets which can cause a deflation to result and prices to go through the floor instead of through the ceiling. And so we would have boom and bust.

This bill is not the answer. We need effective control through law, and adequate authority to the agency—in this case the OPA—administering the law to apply the controls as needed or to remove them as conditions permit.

No law is any better than its administration. Obviously the provisions of this bill, in assigning to a decontrol board and to the Secretary of Agriculture the power to veto or overrule the decisions of the OPA, say very definitely that there is no confidence in the OPA, that its decisions are not to be taken seriously, that another authority must be called on to decide whether the OPA is right or wrong. That in itself makes for confusion. It ridicules the OPA and this law itself. If there is no confidence in the OPA, then cut it out. Under this bill opponents of inflation and price control would divide and conquer.

The proponents of this bill are attempting to make two wrongs equal a right. They are with one hand decrying the OPA, withdrawing authority from the OPA to make and enforce its decision; on the other hand they are continuing its existence, retaining its thousands of employees on the public pay roll, while to all intents and purposes this conferees' bill says out with the OPA.

Is any other agency of the Government subject to the veto of another agency of the Government? Is any other agency of the Government trussed up, able to speak, but not to act?

I speak as one who is for effective and full control of prices, so long as that control is needed—and this surely is no time to abandon the controls. But there will be no effective control if we give authority to the OPA with one hand and take it away simultaneously with the other.

How long the consumers will continue to battle against higher prices by refusing to buy depends on how long can they continue to do without necessary commodities. There has been sincere effort on the part of some retailers to hold their prices down to June 30 levels, but they cannot hold down those prices to June 30 levels much longer. Retail stocks on hand as of that date have been about exhausted, and as the stocks are replenished the retailers must pay the higher wholesale price. Consequently prices to the consumer must go up.

Now, what does this bill do. It says that until August 20 there may be a further holiday on price ceilings for essential meats, dairy products, grains, and so forth. If the price ceilings are restored by then, they will be put back but not by the OPA. It will be up to the Decontrol Board to decide whether the ceilings will be put back on these essential commodities—and when and how much.

In the meantime what is going to happen? Prices have risen considerably on these commodities since the paralysis of OPA on June 30. The report just issued by the Commerce Department indicates that the prices would have risen higher had there not been a deliberate effort to hold them down. Despite that effort prices on essential market-basket goods have gone up. With this further holiday decreed at least until August 20, the lid will be completely blown off. Prices will spurt up, and when the ceiling is clamped down, if it is, the price level to be set will not be that of June 30, nor of today, July 23, but somewhere between today's price and whatever price will have been reached by August 20 or whenever they may decide to restore the ceilings.

Ceilings on other essential commodities are lifted indefinitely. If they are to be put back, it will not be on authority of OPA, but on the decision of the Decontrol Board. OPA may say ceilings should be restored; the Decontrol Board can say no. OPA may recommend a protective ceiling. The Decontrol Board can fix another ceiling.

The intent is obvious. OPA has taken the brickbats because of its insistence on protecting the consumer. This bill would remove from OPA its authority to protect the consumer, if the consumer protection should conflict with the profit opportunities of private interests.

The rank and file of the people are complaining now that they cannot meet the higher cost of living with their wages. People of fixed incomes are complaining. People working in the shops and factories are complaining. Numerous letters have come to me from people who relate while their wage scale is higher, their wages are lower because they are working shorter hours. So with this provision the purpose of the bill to continue price control on essential commodities is negated.

The one saving provision of the bill is the rent-control feature. But it is inconceivable that the landlords will stand for their commodity being under control while the ceilings are relaxed or abandoned on all other commodities. They will indulge in wholesale violations of the law, and if the violations come before the courts, the courts will be compelled to uphold them, on the grounds that class legislation has been enacted against the landlords.

For the purpose of continuing price control as a lever against inflation this bill is no better than the one that was vetoed on June 29. It legalizes inflation just as surely as did that one. The public will be lulled into thinking that they are being protected by a price-control law, and will wonder why prices jump.

Where a commodity is properly entitled to an increase, the discretion, or authority for granting that increase should rest in the hands of the agency supposed to administer the law. I strongly oppose that authority being taken from the OPA and transferred to either the Department of Agriculture or this Decontrol Board. For again the OPA will be the goat, and innocently take the blame for higher prices which it protested but which will have been put over on the people by these two vetoing authorities.

Passage of the bill in this form will result in greater confusion, higher prices and will subject the needs of the people to the profit desires of the special interests which have already played so large a part in scuttling the entire price-control program.

This conference bill is neither agreeable nor satisfactory. I cannot in all honesty by my vote say to the people that we have given them price control with this measure. I cannot compromise with principle.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, this resolution does not satisfy the proponents of an OPA bill or an effective price-control law. Although it is not good enough for the proponents of an effective price-control law, it is not bad enough for opponents of price control. Any Member who wants an excuse for voting against this conference report can very easily find it, whether he is for price control or against it.

It is not a perfect resolution by any means. It is not intended to be perfect. It represents a compromise. It is typical of major legislation that passes the Congress. Practically every major law represents a compromise of view or a sacrifice of opinion on the part of almost every Member of Congress.

You conferees, seven from the House and seven from the Senate, spent 6 hard days and sometimes at night trying to iron out the differences between the resolutions passed by the two Houses. We have done the best that we could. As evidence of the fact that we satisfied most of the conferees, all except one of the seven conferees of the other body signed the report and all but two conferees on this side signed the report. We did the best that we could.

Now then, let us see what this resolution actually does. No. 1, it preserves the wage stabilization program and it permits the Wage Stabilization Board to function as it has in the past. It is worth preserving. It is not going to hold prices down; I do not claim that. Some prices will be increased in order to get increased production. Other prices will be increased in order to remove inequalities. They are perfecty justified, but I believe that the prices will be held down sufficiently to where another run of strikes will be unjustified and will not occur. It we turn prices loose, we know that then the working people will want more wages, and they will be entitled to more wages, and after they get more wages then prices will have to be increased and then we will have a race between wages and prices which brings on ruinous or runaway inflation in any country in the world. So this bill will not hold prices down to where they were, no, yet it is sufficient to prevent runaway prices. Therefore, I believe the bill is justified.

It provides for effective rent control.

The gentleman from Michigan mentioned the fact that there are six formulas for determining the prices on different commodities and products under this bill. I think he is correct, and I think it is amazing that we could deal with 8,000,000 different prices and have only 6 formulas. I think it is a most amazing thing that the conferees would have so few formulas in arriving at and determining the millions of prices in our economy.

This bill means much to the American people. We have duties and obligations to many people in the United States. The Members of Congress have obligated the Congress that Congress would extend certain benefits and privileges and opportunities to certain people who have made a great sacrifice for our country in time of war. We are paying them a certain amount of money. Will that money buy a dollar's worth? No, we know it will not. It will buy only 76 cents' worth on today's market. Will it buy 50 cents' worth tomorrow or next week, or 25 cents' worth? It is a matter of what this Congress does with price-control legislation. If we do not have price control on scarce commodities, commodities that are in short supply, the dollars we are paying out will be worth very, very little. So the question of the value of the dollar is here. Let us vote for this conference report. It is 50 percent better than the bill the President recently vetoed.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. LEA].

Mr. LEA. Mr. Speaker, the compromise bill before us proposes two main things. One is to establish new policies to govern the OPA in fixing prices, and the other is to reestablish price control and provide for its liquidation partially by the 31st of December and completely by next July.

I do not find particular fault with the standards set up by the bill for the control of prices. Generally speaking, I think they reflect the desire of Congress. The administration of this act, however, is left to those who are not in sympathy with the policies this bill establishes. To that extent it will have unfriendly administration.

One important phase of this bill as proposed by the conferees, is the uncertainty it creates, the difficulties of administration, the confusion, and the instability that may result. Complaints from producers to me have been particularly directed at the instability and uncertainty, including the difficulty of financing operations where the investment is susceptible to such uncertain hazards.

What is the present situation as to price control? The war has been over nearly a year. During the war period price control was necessary. The country pretty generally so regarded it. Now most of our military forces have been demobilized. America has regained a strong productive capacity for peacetime purposes. We have reached a situation where we may well question if price control has in the main ceased to be useful or necessary to this country. We can inquire whether its benefits outweigh its burdens.

We have had difficulties, it is true, in reconversion but those difficulties have been primarily artificial.

Yesterday the Department of Agriculture reported that we have the greatest corn crop in the history of this Nation, 3,487,000,000 bushels, and the greatest wheat crop of all time, 1,090,000,000 bushels. These two crops provide our basic food and feed supplies. They now offer us a very cheering prospect for both food and feed supplies for the coming year. They forecast improvement in our livestock supply. That means more meat and less reason for price control. It means less black market.

We have a tremendous crop of fruits and vegetables. The largest canned pack ever in the history of this country is now contemplated. Sixty million crates of fruit are now in prospect of being canned for the coming year. We have an abundance of poultry and eggs. We have a great supply of beef. All these things testify to the fact that the time is near if not already here when in the main price control is no longer necessary.

I voted for the continuance of price control in June. Now the situation is different. Price control has ended and the question as to what extent, if at all, should we revive it. It is not a question of continuance, but of revival. It has been off for 3 weeks. It is proposed by this bill to keep the basic agricultural products without control until the 21st of August. That means 7 weeks without price control.

Some day we must readjust ourselves from a price-control economy to the natural economy of competition. In my judgment, that time has in the main arrived. The productive capacity of America is such that it can meet the future on a competitive basis and I believe to the betterment of every segment of our population. Of course, it is inevitable whenever we make that change from a controlled to a competitive basis we are going to have some trouble. There will be great differences in the economy of the United States when you change from a system of almost universal price control to a system of free competition.

It involves a release from the rules and regulations of a central controlling body exercising its power over innumerable activities of the American people. It returns our people to the freedom, the initiative, and the conflicts of free competition. Business will respond to the impulse of its new-found freedom. Changes and fluctuating prices will create some hardships, but as long as we have our normal productive capacity we need not long fear those hardships. These fluctuating prices are simply a natural accompaniment of the adjustment period. We must count that adjustment period not so much as one to be welcomed as, rather, one to be certainly endured. We have now been passing through 3 weeks of a readjustment period. Here is a proposal that by the 21st of August we shall resume price control in full. To do that means that later we must go through another adjustment period and suffer its consequences until we can reach normal adjustments.

Now that we have already embarked upon an adjustment period, are the conditions such that we should revert to control and then later face the necessity of another adjustment period? It may be more convenient to delay than to meet the issue today, but in the end the aggregate disadvantages of delay may be greater.

Price control should be maintained only as a necessity. It is an expensive remedy. Its full subsidy program would cost the Treasury $2,000,000,000 a year. We have its expense of administration. We have the expense, the time, burdens, and annoyances of complying with the rules and regulations of the OPA. The full extent of that burden cannot be measured, but I dare say that no responsible person would estimate the burden of compliance to the American people in time and expense as less than a billion dollars a year.

Price control has incited the black market as almost a natural accompaniment where there is, naturally or through artificial means, a shortage of supply. Meat and lumber are two notable examples.

The administration of the OPA carries difficulties that are beyond the capacity, perhaps, of any man or organization to cope with without resulting hardships.

During the war the country was under the necessity of restricted production for civilian purposes in order to centralize on supplying our war needs. As soon as the war was over the great economic need of the country was to secure production in abundance. It seems as if the Office of Price Administration was so geared to the control of scarcity that it was unable to adjust itself to the country's need of abundance.

Mr. SPENCE. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Speaker, when the last conference report on OPA was before the House, I strongly favored its adoption. It contained some weaknesses and some objectionable features. There was such strong opposition to so many phases of price control that I was absolutely convinced it was the most workable and effective bill that could be obtained under the circumstances. No one could expect to secure a price control bill exactly according to his own wishes. We were confronted with a practical situation, not a theoretical one. Similarly, when the vote came up on the President's veto I urged the Members to override that veto for the same reasons. I also pointed out that the overriding of the veto was the only way we could insure continuous control over prices and create certainty throughout the country. In view of the long period of service spent by Mr. Truman in the United States Senate, it is difficult to understand how he could veto the bill and throw the country into the consequent confusion. He must have known that just what did occur, would occur.

This bill is not as effective and workable a one as that which the President vetoed. Nevertheless, in my opinion it is still necessary to keep as much control over prices as we can so as to prevent any complete run-away. If we do not approve this conference report, then there is no control at all under any circumstances whatever unless and until new legislation should be enacted. So I intend to vote in favor of this conference report. If the President vetoes it, I will do my best to work out some new bill which may satisfy him. If he adheres to the statements in his last veto message he certainly will veto this one. It is worse than the other bill in the loopholes it leaves. It will be far more difficult to administer. Apparently it is this or nothing.

The greatest harm to the price levels in this country has been caused by the more than 3 weeks' gap when there was no price-control law at all. The dislocation of prices during this period and the uncertainty existing in the minds of producers and consumers during that time will make it most difficult to reinstitute controls at the levels formerly existing. That, of course, could not be helped after the President destroyed OPA by his veto. It was an inevitable consequence of the veto.

Our problem here today is to do the best we can to create some method of keeping a checkrein on prices. Unless we do so, we may well drift into an extremely serious situation. While I feel this bill is much less desirable than the previous one, I recognize the great difficulties faced by the conferees. I am sure they did the best they could under the circumstances.

There is a good deal of difference of opinion on just what this bill does. The lack of price control for more than 3 weeks presents an added problem. I do not wish to put myself in the position of urging anyone to vote for this conference report as I did in connection with the last one and in connection with voting to override the veto. I am not as certain of the future course of events now as I was then. I did want to give briefly the reason for my support of it. My support is not based on any particular approval of the way this bill handles this problem but purely on the ground that it is the most practical step at present available to safeguard the welfare of the country and the great majority of its citizens.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY of Wisconsin. Mr. Speaker, this bill today adds frustration to confusion. I was interested in hearing our distinguished colleague from Georgia assure us that all the benefits we could expect to have under the Taft amendment are provided in this bill. If that is true, I am sure that President Truman's veto speech was a political veto speech. There is a very marked tendency all through all these discussions and these debates and the assumption of responsibilities that go with such legislation, to note that when it is all said and done we are right back where we started. Under the Second War Powers Act and under this act we are going to tell the small businessmen of this country that we are going to put them right back into the same straitjacket where they have always been; that the war may be over but it is not over as far as they are concerned.

As far as the farmers of this country are concerned, I am pretty sure they will be able to take care of this situation in

their own way and I think they will do so when the time comes.

I yield back the remainder of my time.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. CORBETT].

Mr. CORBETT. Mr. Speaker, in a government of the people perfection is seldom or ever possible. We can only seek the best attainable as a result of discussion and compromise.

As we recall the conflicting economic, sectional, political, and selfish producers' and consumers' interests seeking to affect the price situation and as we recall the sharp and honest differences of opinion regarding price control it is somewhat surprising that the conferees could have presented us with as good a report as the one before us.

Perhaps the best general proof that it is a fair compromise is the fact that it is unsatisfactory to extremists on all sides. It apparently gives no one a sufficient advantage to arouse their enthusiasm.

In fact the bill before us now is not exactly as any one of us would have it if we were to write it alone. But it does provide some of the objectives of most everyone concerned and most important it provides in the decontrol-recontrol provisions a two-way safety valve on the siamese twin boilers of supply and demand. To me it seems the most sensible thing possible that a body of legislators lacking the ability to accurately predict the future and preparing to leave their posts would set up such a board to protect the public and themselves against the dangers of inflation and shortages.

To the degree that the Decontrol Board functions as it is intended, to that degree prices will be kept within bounds and shortages will be reduced. It is my studied opinion that under the terms of this bill we can settle down to a period of sound price regulation that will definitely point the way to an orderly elimination of all price controls as production and demand reach a normal balance.

Oh, I know that some of you are fearful that the restrictions placed upon the decontrol-recontrol powers of the new board permit too much discretion, and I know that some of you are sincerely concerned about the economic philosophy of the yet-to-be appointed Board members. I share that concern, but once this bill is law the responsibility is the President's. If he elects to appoint anyone to the board who does not inspire the confidence of the public, labor, and management—if he fails to remove any Board member who does not administer the law according to its letter and spirit he will be held accountable by the American people. And I am quite sure that the President is smart enough to know that, particularly after hearing the storm of protest that howled around the ears of the late unlamented OPA, and after witnessing the sound thrashing it received at the hands of the people's representatives.

I am confident that the need for price regulation has not ended; I know it is desirable to most of the people; and I believe that this bill before us will result in the kind of price regulation we need and desire, not the arbitrary, unrealistic kind we remember so vividly. I sincerely hope this bill is agreed to by a big majority on both sides of the aisle.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from New Hampshire [Mr. MERROW].

Mr. MERROW. Mr. Speaker, I hope the House will be courageous today, will exercise the leadership so needed in this country and vote down the conference report on OPA.

I began voting against OPA on the 17th of last April and I have continued to do so ever since. At that time I supported every crippling amendment and then opposed the passage of the bill. I voted against OPA in April and I have continued to vote against it ever since for three reasons. First, by killing OPA we will kill the black market. Second, OPA has retarded production. Third, I have no confidence in those who have been administering OPA.

What has happened since the 1st of July? We have had freedom in the United States and we ought to continue this freedom. Prices have not risen as rapidly as many expected. In New Hampshire I am glad to report that the butter lines are now gone. There is plenty of meat in the stores throughout the State. We are able to buy the grain to feed our livestock and poultry. People are again beginning to breathe the air of freedom.

I hope we vote down this conference report and return to the system of free enterprise which has made America great.

The SPEAKER. The time of the gentleman from New Hampshire has expired.

Mr. SPENCE. Mr. Speaker, I yield to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Speaker, President Truman killed price control on June 29, when he vetoed the price-control bill sent to him by the Congress. His veto of price control, which was done at the demand of leaders in the Political Action Committee, did away with rent control and other controls over scarce commodities. It also set forces in motion to restore a free economy in this country. His veto was the beginning of the end for the black-market operators. But when the President asked Congress to pass another price control, which resulted in the measure being considered in the House today, he gave encouragement to the black-market operator, who has spent millions of dollars during the past 3 weeks to bid up prices on meat and other commodities in order to create a public demand for the renewal of price control.

If this conference report is approved by Congress, we will again return to a period of scarcity, the black-market operator will resume his nefarious operations, and the country's economy will be thrown into chaos. It is estimated that black marketers in meat have spent at least $10,000,000 to bid up cattle and hog prices during the past 3 weeks to make a showing for the renewal of price control, but primarily to keep themselves secure in this criminal business. In this effort they have worked hand in hand with Washington bureaucracy that seeks to retain permanent control over the lives and business of every American citizen. Your vote today on this conference report will determine if the Nation's economy is to be permanently controlled from Washington, or if the people are to remain free to work and produce in abundance for the general welfare of all.

Let us examine the bill when it comes to the matter of prices. The bill provides that meat, dairy products, and grains be automatically placed under control at midnight on August 20, 1946, and section 18 of the bill definitely reinstates all regulations, orders, price schedules which were in effect on June 30, 1946. While some prices may be out of line and too high, facts disclose that most prices on meat, milk, butter, and grains, at the wholesale level, are either at or below the former OPA ceiling plus the subsidy. Of course, if it is to be a permanent proposition that the Government shall spend nearly two billions a year to help pay on everyone's grocery bill, we had better find out about it soon, and before we go bankrupt. As of July 1, 1946, the Government paid 14.58 cents subsidy on every pound of butter sold, $1.03 on every hundred pounds of flour which amounted to from 1 cent to 2 cents on each loaf of bread, and from 6 cents to 10 cents on every pound of meat sold to each consumer. No doubt, before long, some New Deal bureaucrat will propose that the Government pay the entire grocery bill for every citizen as a reward for the sale of individual freedom to a permanent bureaucracy in Washington.

The Department of Agriculture has today estimated that we will have the largest wheat and corn crop in all history. Our livestock population is greatly in excess of normal times. Corn is the main food for beef cattle, dairy cattle, hogs, and poultry. With an abundance of feed in prospect, we should have an abundance of meat, dairy products, and poultry. But, with the threat of rolling back prices on these vital products to June 30 schedules when control is automatically resumed on August 20, I am convinced that within a week or 10 days from now, as a result of the chaos created by the reenactment of this type of legislation, meat, butter, and scarce grains will disappear from legitimate channels of distribution, and the black market will take over. In other words, the sources of supply will dry up, unless the Secretary of Agriculture, in his wisdom, with the aid of a competent Decontrol Board promptly announces that controls will not be resumed on August 20. The Secretary and the Decontrol Board are given this power in the bill before us.

Most intelligent individuals are fully aware of the fact that certain policy makers in the OPA and the Office of Economic Stabilization have sought to create a scarcity of vital foods and goods. They succeeded very well in their effort up to the time President Truman vetoed the price control law on June 30 and, mark you, if this bill is approved the same forces will again go to work to create a scarcity situation unless they are stopped by the Secretary of Agriculture and the Decontrol Board. I trust that the Secretary will use the power conferred upon him by this bill without interference from sources outside of his department. He can save the country

from collapse and chaos, if he will make up his mind to let farmers and industry produce food for the people at reasonable prices and without subsidies from a nearly bankrupt Treasury.

Of course, if our social world planners decide to ship another 100,000,000 pounds of canned pork and other foods to Russia, it will not take very long before an actual scarcity will exist in this country. This is especially true, when one considers that the Truman administration has directed the shipment of 14,000 tractors to Russian areas this year, at a time when American farmers are unable to buy tractors with which to till the soil for the production of food on our farms.

I do not claim to be a prophet, but I venture to predict that before October 15 of this year, a few weeks before the congressional elections, all vital foods and most civilian goods will be removed from controls as an appeasement to the people, solely with the expectation that grateful citizens will cast their votes for PAC-endorsed candidates for Congress. Do not forget that the PAC and all New Dealers want to gain control over your Congress, so they can continue to direct the destiny of the American people.

I am urging that this conference report be returned to the conference committee. It is against the interests of the American people. It will cause scarcity of supplies in vital foods and civilian goods. It will create economic chaos for all legitimate producers in agriculture, industry, and business. It will reinstate the black market and cause suffering for law-abiding citizens who are unable or refuse to pay black-market prices. Above all, it will destroy the faith of our people in their Government. Given a little time, under a free economy, all vital foods will be available for the consumers in abundance at reasonable prices.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentlewoman from Illinois [Miss SUMNER].

Miss SUMNER of Illinois. Just take a look at the vacant seats up in the gallery where there used to be a crowd. They are running out on you. They are home eating meat and butter. Give them two more weeks of freedom and they will love you so much they will want to send you back to Congress.

This bill is going to be hated more than people have ever hated any other bill, and I will tell you why: It has much more drastic controls. For instance, it gives this recontrol board or decontrol board, which is OPA under a new facade, the power to take these people into jail again any time that the board decides: "That public interest will be best served."

In other words, you are delegating to this board the general-welfare clause of the Constitution which has been stretched all around the world and back again. And then what is on page 13? I want you to know that you never passed a law that gives fuller Hitlerish power to one board than this one. It will be run by some little bureaucrat. And the smaller the bureaucrat the more he thinks he is God or Goering. On page 13, section 11, subsection (d), it deliberately states that a man does not even have to get his cost under his price ceiling. This new OPA does not have to give a man his cost, and it even says of lumber that not even 90 percent of the industry have to have cost. With this thing you can just run a complete Hitlerian economy and get no production at all.

The SPEAKER. The time of the gentlewoman from Illinois has expired.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have permission to extend their remarks on this bill at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MICHENER. Mr. Speaker, I voted for the original OPA, for a limited time, as a war measure. I have voted for each extension and on each occasion for more specific direction to the Administrator.

On June 30 last, price-control law expired. Preceding that, the President had asked for 1 year's extension. After months of committee hearings and study, the Congress passed and sent to the President a bill which in no way changed rent control but which did contain needed amendments to existing law. This was a compromise on the part of everybody interested. However, the President vetoed the bill, thereby killing all price and rent control, and insisted that he be given a whole loaf or none at all. In other words, he made it clear that he would not accept any bill extending price or rent control which attempted to limit the power of Chester Bowles, or any Administrator, as provided in the compromise bill. He asked for a 20-day extension of the OPA law in order that the Congress might reconsider, and in the hope that it would give to him the authority which he demanded.

The House granted this request and voted the 20-day extension. However, the Senate, after deliberate consideration, passed a new bill which is now before the House. In many respects this bill is like the bill which the President vetoed. In some particulars, it is certainly more obnoxious from his standpoint. If he meant what he said when he vetoed the first bill, certainly he cannot consistently approve this bill. The majority leadership in the House has been unable to give any assurance that the President wants this bill, and this notwithstanding their conference with him on yesterday after its terms were made public.

The compromise has been spectacularized in the press. The high lights of this new bill are about like this:

First. Restores price and rent control until June 30, 1947, but with sharply curtailed OPA discretion, and divided authority.

Second. Sets up a new three-man Decontrol Board, which will have powers to reestablish controls. The Board could override OPA and the Secretary of Agriculture to remove controls on any commodity. It could restore controls on any of the basic foods and other items previously exempted by the Senate.

Third. Ceilings on five of these commodities—meat, dairy products, grains, cottonseed, and soybeans—will go back August 21 unless the Board decides otherwise. These items must remain ceiling-free until that date.

Fourth. No controls can be imposed on poultry, eggs, petroleum, or tobacco unless the Board orders. In no event can the Board recontrol these before August 21.

Fifth. In addition, the Board has the same broad powers to order removal of ceilings on other commodities it was granted in the recently vetoed bill.

Sixth. Subject to the Board's final say, the Secretary of Agriculture, rather than OPA, would decide what farm commodities can be controlled.

Seventh. OPA's rent control authority is continued unchanged.

Eighth. Subject to the Decontrol Board's over-all orders, OPA would continue to set ceilings on industrial goods. But its discretion would be sharply curtailed by the bill's new pricing formula.

Ninth. Both rent controls and industrial price ceilings would be restored on the day the President signs the bill. OPA is expected to issue interim regulations covering the 30 days allowed for working out the higher ceilings required by the new pricing formula.

Tenth. This formula requires OPA to set ceilings for manufacturers on an industry-wide basis, reflecting their average 1940 price for each product, plus increases in cost since. OPA could refuse the increase to manufacturers already receiving cost plus a reasonable profit if the increase would not aid production, or if it would reduce production of equally needed items.

Eleventh. OPA still would retain considerably more discretion than under the Taft amendment. For example, it could make "reasonable adjustments for conditions resulting from abnormal volume of production."

Twelfth. OPA would have to give wholesale and retail distributors ceilings reflecting their "current cost of acquisition of any commodity plus such average percentage discount or mark-up as was in effect March 31, 1946."

Thirteenth. Subsidies largely for holding down food prices trimmed from the $2,000,000,000 asked by OPA to about $1,000,000,000. No food subsidies could be paid after next April 1.

Mr. Speaker, can you conceive of our farmers, our businessmen, our manufacturers, and all the rest, being compelled to conform to the new swarm of rules, regulations, and directives following the passage of this law?

Even if the President does have the temerity to sign this monstrosity, it is impossible of administration. A three-man Board, selected by the President, is brought into the picture. Now, if these were supermen, or were all practical, common-sense businessmen, and functioned as such, possibly this new proposal could be made to work. If they were all men like Chester Bowles the confusion would be just three times as bad as it was when he had a one-man Administration. Under this new bill there will not only be uncertainty, but the chances are a hundred to one that there will be chaos. Imagine the task of going back

to June 30 and starting all over again. Who would know what or when?

Mr. Speaker, the very idea of controlling the price of agricultural products, for instance, with a declaration in the beginning that there can be, which means that there probably will be, a readjustment of these prices every 30 days. What in the world is the farmer going to do if he knows that some bureau in Washington may change his selling price every 30 days? Will this get food and the things we need and the production we must have? Surely, no one familiar with agriculture can entertain any such belief. This is just one of the many incongruous possibilities inherent in this conference report.

Today there is no price-fixing control at all. Under this bill there will be selective control, entirely in the discretion of the new three-man bureau set up. On some commodities there cannot be any control before August 21. On other commodities there can be no control at all. The words control and decontrol are used carelessly and promiscuously. It is a case of going and coming at the same time. The old story about "on again, off again, gone again, Finnegan," has nothing on this bill.

Mr. Speaker, I have received literally hundreds of letters and telegrams from constituents demanding that the price-control law which was in effect be continued without any crippling amendments. These groups and individuals protested bitterly about the action of the House in passing the bill which the President vetoed. Certainly they do not want this pending bill with these additional crippling amendments.

Because I voted for the bill which the President vetoed, I was severaly condemned by these advocates of OPA. If I follow their instructions today, I certainly cannot vote for this bill. In short, I doubt if a single Member of the House has been asked by one of his constituents or one group from his district to support this proposal now before us. I shall, therefore, vote to recommit the bill to the conference committee in the hope that the glaring inequalities, impossibilities, and inequities may be eliminated if price control is to be continued. If the majority of the House refuses to make such request, then I shall be constrained to vote against this conference report.

I have taken the position from the beginning that OPA control should be eliminated just as soon as the economy of the country would permit. However, I have felt that the best interests of a majority of the people required that it be removed gradually. When the President permitted wages and the cost of production to rise, then the line was broken. When he purposely discontinued all price control, the result on our economy was not at all as he had predicted. Yes; there were increases in some prices. When subsidies were removed and the consumer paid his own grocery bill, he necessarily paid about 12 cents more a pound for round steak and about 18 cents a pound more for butter, if the producer was to get the same price he received when the Federal Government paid the producer these amounts in subsidies; that is, the taxpayer paid the subsidy, or a part of the consumer's grocery bill. Few of our people expect these subsidies to be continued permanently. Yes; prices in many instances are much higher and there are profiteers, but not nearly so many as we who believed in the efficacy of OPA, as a war measure, anticipated.

If this conference report is not accepted, it will mean the conferees must work out a bill not so intricate, not so involved, and one that has a possibility of accomplishing the purpose for which the original OPA law was enacted. There is no hope of such benefits coming from the bill now before us. Its enactment will but add to the uncertainty.

Mr. SAVAGE. Mr. Speaker, we cannot have free enterprise without a public to patronize it. Unless we control inflation the public's purchasing power will be wiped out. Some of this Republican talk about free enterprise, while completely ignoring the welfare of the people, reminds me of Mr. Chesty D. Breathedeep in this article from the Southern Teamster of July 3, as follows:

ONLY ENTERPRISE IS FREE

(By John Payne)

Congressman Stumblebum loudly cleared his throat. "The meeting will come to order," he said.

"We are privileged to have appearing before our committee today," the Congressman continued, "Mr. Chesty D. Breathedeep, who is national president of the Fresh Air Supply Corp. of America. Mr. Breathedeep will now do our committee the honor of answering whatever questions you gentlemen may care to ask him."

Mr. Breathedeep looked expectantly around the room.

"Ask me any questions at all, gentlemen," he invited. "The Fresh Air Supply Corp. of America keeps no secrets from the public."

"Is it true, Mr. Breathedeep," asked Congressman Gravestone, "that your corporation plans to sell air for breathing to the people of America?"

"Yes," said Mr. Breathedeep, wiggling with pride. "The Fresh Air Supply Corp. aims to be of service to each and every American from the cradle to the grave. We will sell air suitable for breathing to young and old at moderate rates, payable on the first of every month."

"Does this mean, Mr. Breathedeep," asked Senator Foghorn, "that everybody will henceforth have to purchase his or her supply of air from your corporation?"

"Quite so," answered Mr. Breathedeep, continuing to wriggle. "Our corporation will render service to the American people in much the same manner as the water companies do when they sell water or the power companies when they sell electricity. In other words, we plan to operate in the true spirit of free enterprise."

"But doesn't the Fresh Air Supply Corp. expect competition from other companies?" asked Congressman Frogface.

"No," answered Mr. Breathedeep. "Our corporation has taken the trouble to buy up exclusive rights to the invention which rations the air. And the original inventor, poor chap, died of a mysterious ailment a short time ago."

"Isn't your corporation operating in violation of antitrust laws, Mr. Breathedeep?" asked Congressman Fishcake.

"No, indeed," answered Mr. Breathedeep quickly. "Our corporation is not a monopoly. We merely are the only business enterprise in our own particular field. We take pride in serving the public. Why, in addition to providing our customers with pure, unadulterated air without gasoline fumes, obnoxious odors, and flying insects, we also supply each and every client with a free air meter which locks easily to the nose and shows at a glance how much fresh air each person has consumed for a given period."

"But, Mr. Breathedeep," asked a Congressman from the far end of the room, "wasn't the air we breathe meant to be free just like the sunshine?"

An angry murmur spread through the room. Congressman Stumblebum rapped for order.

"You don't have to answer that question, Mr. Breathedeep," advised Congressman Stumblebum with an apologetic look.

Mr. Breathedeep ran a finger between his collar and his perspiring neck.

"Gentlemen," he said, "the Fresh Air Supply Corp. is proud that it is ending the wasteful practice of careless breathing of air. If air and water and electricity were free to everybody, gentlemen, I ask you, what would happen to our system of free enterprise?"

Mr. BUCK. Mr. Speaker, this bill will bring neither price control nor full production. Instead it will bring utter chaos, black markets, scarcities, higher prices, inflation. I will vote against the bill, and in doing so, I am voting in the interest of people of small means.

Mr. RABIN. Mr. Speaker, I have often stated that I am for a strong OPA. I voted against the last conference report because I did not think that under the bill then proposed, price ceilings could have been enforced. I believe the Congress would do best if it would extend the OPA for 1 year without change, leaving it to the OPA to lift controls in the meantime on such commodities when it deems it safe to do so. The majority of the Congress, it seems, does not wish to do that.

The present conference report proposes the passage of an OPA bill which I am informed can be enforced. To be sure, it is not as good a bill as I would like to see enacted. However, it is the best that we can possibly get from this Congress, and much as I do not like it, I think it is in the best interests of our country that it be passed. I shall, therefore, vote for it.

Mr. MADDEN. Mr. Speaker, in considering the present conference report on price control, the membership is required to accept this legislation or nothing. When this bill was before the House several months ago, I opposed the crippling amendments which were adopted. I later upheld the President's veto of the emasculated bill which he was called upon to sign or veto.

This legislation is a slight improvement over the bill which the President vetoed, but it is the only protection the consuming public can expect, to keep down the cost of living.

Since OPA was discontinued on July 1, slightly over 3 weeks ago, prices have risen rapidly. This increase has taken place in spite of the fact that manufacturers, wholesalers, retailers, and so forth, through propaganda and otherwise, urged everybody to keep prices down. One would infer that their campaign was carried on for the purpose of holding down prices until Congress recessed with the hope that no price control legislation would be enacted.

According to a survey conducted on over 900 commodities, the following index reveals:

First. In all of 1945 the general price index rose 2.4 points, from 104.6 to 107. That is a 2.3 percent increase.

Second. In 6 months of 1946 before OPA died the index jumped from 107 percent to 112.7 percent of the 1926 base. That rise was at a rate five times as great as in 1945.

Third. In 1946 after OPA, in the first two control-free weeks, prices of these 900 commodities at wholesale shot up from 112.7 to 120.7—4.5 points in the first week and 3.5 in the second. That rise was at a rate more than 80 times as fast as the 1945 rate.

Food prices lead the increase. One can easily understand the effect this will have on over 9,000,000 families in America whose income is under $1,000 a year—12,000,000 families whose income is under $2,000 a year—10,000,000 families whose income is under $3,000 a year.

I hope this legislation will be sufficiently effective to revert to the July 1 prices on rents, food, clothing, and other necessary commodities.

OPA NOT NEEDED

Mr. MILLER of Nebraska. Mr. Speaker, the American people have had 3 weeks without price control. The shackles have been removed from industry and the food-producing sections of our economy. It is interesting to note just what has happened during these 3 weeks without OPA.

It is only natural that some foods in short supply, because of previous OPA actions, should go up in price. The price increases have not been as much as the Bowles-Porter administration machine said they would be. In the case of poultry and eggs, the price has actually declined under the original OPA prices. Butter today is slightly below the OPA ceiling of 3 weeks ago. It should also be remembered that there was a subsidy of 12 to 17 cents a pound on butterfat. Many people in the country did not realize that they were not paying their entire grocery bill when they bought meat and butter over the counter.

In the case of meat, we have seen the largest run of cattle and hogs since the pig-killing days of 1934 and the drought years for cattle in 1936. Yesterday the stockyards of Kansas City and other leading markets had the largest run of cattle that they have had in a quarter of a century. The supply of cattle surpassed the all-time high in the Kansas City market, which was in 1920. Meat, under a free market, is filling up the supply lines, the cooling rooms, and the lockers of the country. No longer do we see meat and butter lines. These products are abundant in all stores of the country.

It is interesting to note, Mr. Speaker, that all of the large metropolitan stores of the country are having clearance sales on many staple articles. Many other items in the stores are priced far below the original OPA price. For the first time it is possible to buy white shirts and many articles that were formerly not to be found. It is true that there are some merchants that have boosted the price of meat and butter and other necessary items of living. They have taken advantage of a public hungry for meat and butter. They have found, as have the black-market boys, that free competition soon asserts itself and prices come down. It is estimated that the black-market operators have lost more than $10,000,000 in meat alone since the 1st of July.

It is only natural that there will be some maladjustments and some shock to our economy by the immediate termination of OPA. This would happen whenever the Congress decided to stop OPA and the subsidies involved.

Mr. Speaker, I have listened to the reading and the discussion of the conference report on the OPA. It is my considered opinion that the bill as written is unworkable. It will add chaos to confusion. It is a Frankenstein monstrosity that cannot be administered. The people already have nullified OPA as they did the old NRA and national prohibition when they were in effect. The bill is confusing and will cause more and more unrest not only in the agricultural section but the industrial sections of the country.

It is only natural that the black-market boys are now lobbying in the halls of Congress asking that OPA be continued. They know that with the passage of this bill that the legitimate market will dry up and they again will come into their lush untaxable profits.

I am certain, Mr. Speaker, that if the controls are placed back upon cattle, dairy and other products that the market will dry up and these products can only be found at black-market prices.

How can you expect the man who feeds cattle, for instance, to buy and place in the feed lot cattle when the price can be changed every 30 days? The provisions for a Decontrol Board would require the employment of thousands of decontrol boards in order to handle the requests for price changes. The prices are subject to change every 30 days. This is an impossible situation.

I note, Mr. Speaker, that there is a section of the bill which provides that the Decontrol Board can operate on a regional basis. I am wondering if we might expect this Board, controlled by the administration, just a few weeks before election to remove all the controls on meat, butter, and agricultural products in the areas that produce them, but at the same time keep price controls to satisfy the CIO and other radical groups, in the large industrial centers. Controls were removed first before the elections in 1944 and I would expect the same maneuvering again.

If I were selfish, I would secretly hope that OPA would continue because I am satisfied it will make more Republicans than the National Republican Committee or any other group could possibly make. If this bill is enacted, it will certainly mean that the Republicans will control this House after January 1947.

I am convinced, Mr. Speaker, that this bill will cause so much confusion in the agricultural and industrial centers that production will drop and food and scarce articles will again be hard to find in the legitimate markets of the country.

Mr. Speaker, I shall vote for rent controls in areas where needed, but I cannot support a bill which places the shackles of bureaucracy back upon a free enterprise which to date has demonstrated beyond the question of a doubt that it can produce and sell items needed by a hungry public below the original OPA ceilings and without the bureaucratic regimentation and red tape which must follow the enactment of this bill.

Mr. GARDNER. Mr. Speaker, the present bill which is under consideration at this time and sent to us under a parliamentary situation which prohibits amendments on the floor of the House is in my opinion much worse from an administrative standpoint than the price control bill which was sent to the President and which received his veto on June 29. Mr. Speaker, his action in vetoing the previous OPA extension bill places me in a position for the first time of voting to permit controls to be taken off specific items for any length of time. My voting record on the amendments to the bill which he vetoed June 29 will show that I voted against the elimination of controls on any specific items such as meat, poultry, dairy products, and so forth. However, this bill permits these items to remain uncontrolled until August 20, 1946.

The controversy over the extension of price control has never been a question of what Senator TAFT wanted or what Chester Bowles wanted, but it has been a question of whether or not a law enacted by Congress and signed by the President can be ignored by those who are placed in charge of its administration and their own judgment substituted for the terms of law.

As of July 15, 1946, I wired the President as follows:

Present OPA controversy calls for frank statement from you to the American public as to whether you condone the administrative disregard for statutory law in substituting discretion and expediency for fairness and equity. OPA law since June 1942, required administration "to control price in a fair and equitable manner." Zenas Potter, Congressional Information Director, advised me in March 1945 that OPA could not stand an investigation as to fairness and equity because OPA had not been fair and equitable. Chester Bowles in June 1945 advised 50 Congressmen in the Labor Committee meeting room that if OPA was extended for 1 year without amendments he would personally guarantee a fair and equitable administration. July 7, 1945, Chester Bowles advised Congress in a mimeographed letter that it was impossible for him to conduct the OPA in a fair and equitable manner because his assistants insisted on discretion and expediency for their guide. This condition continues under Paul Porter and is the cause of congressional dissatisfaction at this time. The controversy is on the question of whether the retreat to natural economic law shall be gradual or abrupt. A statement from you to the public that you will not appoint to the Price Decontrol Board anyone who has been or is connected with the OPA at any policy making or supervisory level in the district, regional, or national offices, will go far to restoring confidence of the American people in the possibility that laws as enacted by Congress will be carried out by the administrative officials for whom you are responsible. Failure on your part to issue such a statement would justify the presumption that you condone the illegal position of Chester Bowles and Paul Porter as well as all officials charged with writing the price control regulations of OPA and would justify complete statutory elimination of these controls as the only method of assuring equal justice to all.

He has not seen fit to issue a public statement concerning his position on the administrative disregard for statutory law by both Zenas Potter and Chester Bowles who have left the Office of Price Administration. He has not seen fit to publicly announce whom he will select for the Decontrol Board or whether he will attempt to reestablish some of those who were guilty of malfeasance in office by disregarding the text of existing law or whether he will look further for members of this Decontrol Board.

Mr. Speaker, I have consistently fought for administrative respect for the statutory law, and I shall continue to fight to see that the laws as passed by Congress are administered in accordance with their terms. I have always felt that the laws passed by Congress should contain the exact wording and the exact philosophy intended by Congress and that nothing should be left to the discretion of the Administrator by reason of skeleton law.

The bill we have under consideration here complies with that fundamental view of mine and for that reason I intend to vote for it at this time.

The bill extends the life of the Office of Price Administration until June 30, 1947, and states that on that date the Office of Price Administration shall be abolished. It requires the President of the United States to make recommendations by January 15, 1947, concerning needed legislation to establish monetary, fiscal, and other policies which are adequate to supplement the control of prices and wages during that balance of the fiscal year 1947, and to insure that general prices and wages can be terminated by the end of that fiscal year without danger of inflation thereafter.

My affirmative vote in favor of the passage of this legislation cannot be construed as a vote in favor of all the contents of this bill. But because of the legislative parliamentary predicament in which we find ourselves at this time which prohibits amendments to the bill in the House of Representatives, there will be some features in this bill permitted to become law which are much worse than any provision contained in the bill that was vetoed June 29.

I hope that the President of the United States in fulfilling the requirement of this bill by appointing the members of the Price Decontrol Board will make it a mandatory consideration for his appointment that members shall act on the law as written by Congress and shall not bring into consideration of their duties any personal philosophy such as dominated the Office of Price Administration during the term of Chester Bowles when Mr. Bowles advised that he was not fair and equitable, had no intention of being fair and equitable at the beginning of his administration, and, therefore, could not stand an investigation of his administration as to fairness and equity.

Mr. VORYS of Ohio. Mr. Speaker, I voted for the bill extending OPA over the President's veto. I believe that bill would have worked, if it had passed, to stabilize rents and prices, to encourage production. But OPA is dead, as a result of the President's veto. This bill is an attempt, not to continue and taper off a live operation, but an attempt to revive and build up something that is very dead. It would take a very good bill to do this. I have attempted to analyze this long complicated, compromise presented here. It is full of exceptions, duplications, decontrols, recontrols, subcontrols, demicontrols, sleepers, and words and phrases that mean different things to different people. The compromise apparently consisted of putting in everything anybody wanted, and then taking it out again by interpretations and exceptions. I would vote for a workable and effective price control bill. I cannot see how this bill will work, or be effective for any purpose except political purposes; to keep 37,000 OPA employees on the pay roll, so as to spend the seventy-five millions appropriated for them, and add a billion dollars to the public debt for subsidies.

A majority of this House has never before voted in favor of consumers' subsidies. We repeatedly showed by our votes that we thought consumers' subsidies were unsound and immoral. All we ever did was to vote limitations on subsidies which the President had already put into effect. Today is the first time we have ever voted on this question when there were no subsidies in effect. I cannot see how we are justified in reinstating subsidies, now that the country has weathered the shock of removing them. It is as if a cripple who had learned to get along without crutches deliberately took to wearing them again. My guess is that if this bill becomes law you will see a subsidized price rollback just before election, and that will be the only price reduction ever accomplished by this bill.

I am voting to continue rent controls, although I believe this can be done better by the States.

I have thought about voting for this bill as a gesture to show that I wish we had effective price control. I know that many of my colleagues, who share my pessimism about this bill, are voting for it on this basis. I cannot bring myself to do it. I believe it is almost as phony as the 20-day bill the House passed July 1, and time has already demonstrated that that bill was a 100-percent phony.

Nothing will happen under this bill until August 20. The country will then have been without price control for 7 weeks. It would be difficult to reinstate price control under such circumstances with any bill. It would be almost impossible to do it with this bill. It will be completely impossible to do it with this bill under an administration that has already demonstrated its impotence under past OPA laws, and already confessed its impotence to administer a law like this. The confusion, uncertainty, and exasperation that will be caused by the deluge of new regulations and orders under this bill will hamper production and dislocate our economy, but will not keep prices down for long, if at all. Meanwhile, the black markets will flourish once more.

I think this bill should go back to conference for another try. If not, then it should be sent to the President by those who have confidence in the administration that will put it into effect. I am voting "no" on this conference report.

EXTENSION OF PRICE CONTROL

Mr. HINSHAW. Mr. Speaker, I have listened to the reading of House Report No. 2629, being the conference report on the extension of the Emergency Price Control and Stabilization Acts, and meanwhile have read it to myself. I have supported the extension of price-control and stabilization legislation and all necessary appropriations, but this conference report is something I cannot support. If the provisions of this conference report become law, it will not prove effective in the control of prices, while its administrative features are strong enough to permit the OPA to crucify everyone concerned, and the bill itself is so balled up as to confuse everyone and anyone who may attempt to abide by it. The American people have a faculty for ignoring laws which they feel to be unjust, and I believe that will be the course of action taken with this extension of price-control and stabilization legislation.

My colleague the gentleman from California [Mr. LEA] has stated that he intends to move to recommit the bill with instructions to strike out everything but the rent-control provisions. I intend to vote against that motion for two reasons: First, because it is unjust to remove price controls on everything else but rents, and then expect rental property owners to be able to maintain their premises and pay taxes. Rents are the only prices that have not been increased since the Price Control Act went into effect, but property owners must pay double and treble the prices for their maintenance and repairs, and taxes have increased from 25 to 40 percent. Furthermore, the legislative bodies in Los Angeles County and in the city of Los Angeles and Glendale, Calif., have instituted rent controls, allowing a 15-percent increase in rents as an interim measure, and it is my firm belief that to cause the roll-back of such rentals will serve only to decrease the number of rental units that would be made available at a time when housing is short enough. I have long taken the position that if the OPA Rent Control Division were as considerate of the owners of rental property as they have been with certain suppliers of needed merchandise, that many thousands of rental units would be made available for rent in the Los Angeles area. That assumption has been proved by the investigation of an interim committee of the California State Legislature. That committee reported earlier this summer to the effect that in the city of Los Angeles alone, such consideration would result in making available rental units that would house more than 125,000 people.

When the vote comes on the question of agreeing with the conference report, I must vote against it, because I am convinced that it will create utter confusion, create more black markets, and dry up the supply of more goods, thereby accentuating shortages, than the bill which I voted for and which the President vetoed on July 29 last.

My vote against the conference report does not mean that I am opposed to proper price control, for my position in that matter has been clearly indicated in the recent past by my votes in favor of extending price control. The pending measure, however, borders on being a legislative monstrosity, as I read it.

A BILL TO LEGALIZE CHAOS

Mr. CASE of South Dakota. Mr. Speaker, the new OPA bill, in my judgment, will be a bitter disappointment and I cannot vote to approve it in the form now before us.

This bill will legalize chaos and establish uncertainty by statute.

Until the 20th of August, producers and processors of the major food items such as meat, milk, grains, and soybeans, will not know whether they are to be placed under control again or not. They may expect to be, but until the decontrol board speaks, they will not know. They will be in the state of mind of the man in the death cell who has taken an appeal.

And the other group of food producers who deal with poultry and eggs will be in the position of the convict who is out on parole. They will never know when the parole will be forfeited.

Both groups will be on a 30-day basis.

If business in this country can operate on a 30-day basis, it will be something to see. Dealers will be forced to speculate on inventories. Producers and manufacturers will either gamble or go out of business.

How can you feed, how can you buy livestock to feed, unless you know whether normal and seasonal factors will govern the price when you sell?

The ideas of three men, whose whims and tendencies are not known, will determine the capricious course of prices and production.

I have voted consistently to give price control a chance, Mr. Speaker when there was a chance. I have voted as consistently against fooling the people by giving them an unworkable act. That is why I voted against sending to the President the bill he vetoed and I shall certainly vote against sending him this bill although he and his spokesmen apparently are asking for it.

To be specific, I voted to send to the Senate the first bill because it was necessary that the other body have a whack at it if any bill was to develop, but I could not see anything but futility in the Senate amendments and voted against concurrence in them. And, of course, I voted to sustain the veto.

I voted for the 20-day temporary extension, in the belief that time should be provided for getting a workable bill if that was possible. If the bill now before us is the best bill obtainable, then I must conclude that a satisfactory general price control bill is impossible to get at this time.

I shall vote for continuing rent control alone if we are given an opportunity to do so, because there is a serious shortage of housing and it cannot be ended overnight. With most foods and clothing, it is possible to get along or find something else that will do. Supply will respond to the demand, in most things, but it will take time for housing to do so.

It is interesting to note, Mr. Speaker, that tobacco and petroleum are decontrolled by the bill now presented to us. I am reminded of the remark credited to a distinguished gentleman, the other day, when another body had completed its work on the bill. It was to the effect that there must be some sore backs around because there had been so much back scratching.

The history of price-control efforts in World War II is the story of an attempt to control the other fellow.

The first stabilization bill put a ceiling on farm products but left the lid off wages and things the farmer had to buy. The second act continued the ceiling on farm products and propped up wages with a floor—the so-called Little Steel formula of a 15-percent boost.

When the fighting war ended, wage controls were abandoned and the President said, in effect, that any group which called a strike for it could get an 18 percent increase, and to insure the increase in Big Steel, he approved a $5-per-ton increase for steel across the board.

Farm machinery was needed by the farmer to produce food. Higher steel and higher wages force higher prices for machinery. The average farmer would gladly pay more if he could but get the machinery. For the average farmer is just too trusting; he simply cannot believe that the powers that be will actually put a lid on what he has to sell while pushing up the price of what he has to buy. Or is he?

This bill, if it becomes law, will teach him.

Sooner or later, Mr. Speaker, this country and all the people in it will have to learn that we cannot have our cake and eat it, too. You cannot permanently put prices in a strait-jacket and let costs run wild. The taxpayers of this Nation will dig up over $6,000,000,000 to foot the bill for consumer subsidies paid out of the Treasury between 1940 and 1945—that with interest for the part of the grocery bill passed on to the future.

We have been deluded by the talk about prices and goods. Men have forgotten that in this country we have another way to control the value of money. That is the use of our gold reserves.

We really do not need OPA to guard against a runaway inflation as long as we have a gold supply and can readily convert the value of our paper currency to its original basis or to any other gold ratio basis that Congress may see fit to adopt. Paper money can be given a real value whenever we want to do it; that is where our situation is unlike that of China or Germany or Austria.

To be sure, I do not know how long it would take some of the current controllers to accept the idea that gold talks an international language and has a real value independent of rules and regulations. Some day, however, the chips will be down and gold will be admitted to be what it is.

It is hard to kick against the stubborn law of supply and demand. Eventually, artificial decrees on prices must cease and the country must fit prices to costs and let demand inspire or check production as the case may be. During the past 3 weeks we had begun to do that. Why now try to decree artificial prices by fiat and have to adjust all over again? And, especially, why do it by requiring uncertainty and confusion as this bill does?

Mr. SPENCE. Mr. Speaker, I yield the remainder of my time to the gentleman from Massachusetts [Mr. McCORMACK].

The SPEAKER. The gentleman from Massachusetts is recognized for 10 minutes.

Mr. McCORMACK. Mr. Speaker, several days ago when we sent this bill to conference my good and valued friend the gentleman from Michigan [Mr. WOLCOTT], whom I admire very much, expressed serious doubt, in fact I think he probably expressed himself more frankly, as to the inability of the conferees to get together and agree upon a bill. Respecting his views, as I always do, I could not agree with him, and I expressed optimism and confidence that if the bill went to conference the conferees would be able to get together and adopt an acceptable bill. A majority, the great majority, of the conferees have done that. The bill before us, in my opinion, constitutes an acceptable bill. It is a bill which, in my opinion, and I am expressing my opinion only, will become law. As I confidently expressed my opinion several days ago about the ability of the conferees to get together and agree upon a bill, I now express with equal confidence the statement that this bill is acceptable, and if the conference report is adopted by both branches it will become law.

This bill enables control, a control sufficient under the circumstances, to meet the national interests of our country and the best interests of our people. It possesses something that was lacking in the last bill which was sent to the President and which he vetoed. The gentleman from Wisconsin [Mr. MURRAY] in commenting upon the remarks made by the gentleman from Georgia [Mr. BROWN] misconstrued, as I understand it, what the gentleman from Georgia said. The gentleman from Georgia [Mr. BROWN] said that his amendment in the present conference report covering reasonable profits, and so forth, is workable and will be workable, whereas the provisions of the Taft amendment were such that if they had been incorporated into law they would not have been workable. I will ask the gentleman from Georgia [Mr. BROWN] if my understanding of his statement is correct?

Mr. BROWN of Georgia. That is practically true. I think reasonable profit was the goal Mr. TAFT was shooting at, but in his language it would have been most difficult to enforce. On my amendment Mr. TAFT has agreed with me by voting for it.

Mr. KUNKEL. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. There is a similar amendment in the OPA Act and has been since 1944.

Mr. McCORMACK. Yes, I understand that.

Mr. KUNKEL. It has been administered since that time by the OPA.

Mr. McCORMACK. Yes.

Mr. MURRAY of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. The last page of the original bill that came from the Banking and Currency Committee shows that cotton was taken care of just as much as the Taft amendment took care of all the rest of the businesses in the United States.

Mr. McCORMACK. I think I have corrected any misunderstanding the gentleman from Wisconsin in good faith had about the remarks made by the gentleman from Georgia [Mr. BROWN]. Certainly the gentleman from Georgia has clarified it and the gentleman from Wisconsin ought to accept the statement made by the gentleman from Georgia [Mr. BROWN].

Mr. MURRAY of Wisconsin. If the gentleman from Georgia leaves his remarks in the RECORD as he made them, then we may find out.

Mr. McCORMACK. I am surprised at the gentleman from Wisconsin making an observation of that kind. He amazes me.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Getting back to the statement made by the gentleman from Georgia, subsection (f) starts out by saying:

> If the maximum prices of a product on the average equal its average current total cost plus a reasonable profit.

No further adjustment must be made.

One of the alternate standards under the Barkley amendment is almost exactly the same language where it says that the maximum prices for a product shall be deemed in compliance with this standard if such prices on the average are equal to the average total cost of the product plus the industry's average over-all profit margin on sales in the base period.

What is the reason for bringing in there that repetition if the words following that do not control, and if the words following that do control then the Administrator is given authority to control production.

Mr. McCORMACK. Mr. Speaker, we have before us a bill that we will have to vote up or down. The bill constitutes, in my opinion, the most acceptable bill that the conferees could arrive at. We are in a legislative situation where amendments cannot be offered.

The gentleman from California [Mr. LEA] has served notice that if he is recognized he is going to offer a motion to recommit. In order for the gentleman from California to be recognized, the Republican Members who have the prior right to be recognized, and this means anyone of them, will not offer such a motion to recommit. No Member of the Republican Party will offer a motion to recommit.

The gentleman says he is going to offer a motion to recommit to strike out everything but rents. How does he think rents are going to be stabilized or frozen if everything else goes sky high? That would not be fair to the owners of property if we do not control prices on other things that people eat and which they have to buy, and then freeze rents. On the other hand, if you let this condition exist it would not be fair to the public where you confine it to rents only, because you cannot in practical operation freeze rents only. It would not be fair all along from that angle. It would not be fair to the tenant, and it would not be fair to the owner. Certainly it would not be fair to the man who wore the uniform in the last war and came back and expected to buy something for the dollar he receives either as a pension or the salary he now receives from private employment.

This is an acceptable bill. I use the word "acceptable" and not the word "agreeable." It is the best bill, I think, we could obtain. I think the conferees did a remarkable job. Those who did not sign the report exercised their conscience and their judgment, and I respect them deeply in disagreement. But, a great majority of the conferees in both bodies signed the report. With the difficulties that confronted them, I think the conferees on both sides rose to the heights of statesmanship. They agreed upon a bill under the most difficult conditions. That bill is now before us. We cannot very well adjourn Congress without passing under the present conditions some kind of price-control legislation. There ought to be some kind of price-control legislation on the books in the interest of the American people. If we adjourn Congress and prices go pyramiding as they are likely to—because they rose over 75 percent on an average in the 9 months after controls were taken off following the first World War, and we are going to undergo some additional experiences because there are more shortages now than after the first World War—and if prices increase now, coupled with no price control, I am inclined to think that the people of the United States in November, particularly in close districts, no matter who represents that district, Republican or Democrat, are likely to exercise some control of their own.

But, we ought to have the interest of the people at heart. This is an acceptable bill, and I hope the conference report will be agreed to.

The SPEAKER. The time of the gentleman from Massachusetts has expired. All time has expired.

The question is on the conference report.

Mr. LEA. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. The Chair will recognize the gentleman if no Member on the minority side desires to offer a motion to recommit.

Is the gentleman from California opposed to the conference report?

Mr. LEA. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

> Mr. LEA moves to recommit House Joint Resolution 371 to the Committee on Conference with instructions to the conferees on the part of the House to insist on striking out all of the provisions of the Senate amendments other than those relating to rent control.

Mr. SPENCE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. WADSWORTH) there were—ayes 120, noes 159.

Mr. COLE of Missouri. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 135, nays 219, answered "present" 2, not voting 74, as follows:

[Roll No. 234]

YEAS—135

Allen, Ill.	Gillette	Miller, Nebr.
Andersen, H. Carl	Gillie	Mundt
	Goodwin	Murray, Wis.
Andresen, August H.	Graham	Norblad
	Griffiths	O'Hara
Arends	Gross	Phillips
Arnold	Gwinn, N. Y.	Pickett
Barden	Gwynne, Iowa	Plumley
Beall	Hagen	Rankin
Bennett, Mo.	Hale	Reed, Ill.
Bishop	Hall, Edwin Arthur	Reed, N. Y.
Blackney		Rees, Kans.
Brehm	Hancock	Rich
Brown, Ohio	Harness, Ind.	Rizley
Brumbaugh	Henry	Robertson, N. Dak.
Buck	Hess	
Buffett	Hoeven	Robsion, Ky.
Butler	Hoffman, Mich.	Rodgers, Pa.
Byrnes, Wis.	Hoffman, Pa.	Schwabe, Mo.
Cannon, Mo.	Hope	Schwabe, Okla.
Carlson	Howell	Scrivner
Case, S. Dak.	Jenkins	Shafer
Chiperfield	Jennings	Sharp
Church	Jensen	Simpson, Ill.
Clevenger	Johnson, Ill.	Simpson, Pa.
Cole, Mo.	Johnson, Ind.	Smith, Ohio
Cole, N. Y.	Jones	Smith, Wis.
Cunningham	Jonkman	Springer
Curtis	Kelly, Ill.	Stefan
D'Ewart	Kinzer	Stockman
Dirksen	Knutson	Sumner, Ill.
Dolliver	Landis	Taber
Dondero	Lanham	Talle
Dworshak	Larcade	Tarver
Eaton	Lea	Thomas, N. J.
Elliott	LeCompte	Tibbott
Ellis	LeFevre	Towe
Ellsworth	Lemke	Vorys, Ohio
Elston	Lewis	Vursell
Fellows	McConnell	Wadsworth
Fenton	McCowen	Weichel
Fisher	McGregor	Wilson
Fuller	McMillen, Ill.	Winter
Gavin	Martin, Iowa	Wolcott
Gearhart	Mason	Woodruff
Gibson	Merrow	
Gifford	Michener	

NAYS—219

Abernethy	Camp	Douglas, Ill.
Almond	Campbell	Doyle
Andrews, Ala.	Canfield	Drewry
Angell	Cannon, Fla.	Durham
Auchincloss	Carnahan	Eberharter
Bailey	Case, N. J.	Elsaesser
Baldwin, N. Y.	Celler	Engle, Calif.
Barrett, Pa.	Chapman	Ervin
Barrett, Wyo.	Chelf	Fallon
Barry	Clark	Feighan
Bates, Mass.	Clason	Fernandez
Bell	Clements	Flannagan
Bender	Colmer	Flood
Biemiller	Cooley	Fogarty
Bland	Corbett	Folger
Bloom	Crosser	Forand
Bolton	D'Alesandro	Fulton
Bonner	Davis	Gallagher
Bradley, Pa.	Dawson	Gamble
Brooks	Delaney, James J.	Gardner
Brown, Ga.		Gary
Buchanan	Dingell	Gathings
Buckley	Domengeaux	Geelan
Bulwinkle	Doughton, N. C.	Gerlach
Byrne, N. Y.	Douglas, Calif.	Gordon

Gore	LaFollette	Resa
Gorski	Lane	Richards
Granahan	Latham	Riley
Granger	Lesinski	Robertson, Va.
Grant, Ala.	Link	Roe, N. Y.
Grant, Ind.	Luce	Rogers, Fla.
Green	Lyle	Rogers, Mass.
Gregory	Lynch	Rogers, N. Y.
Hall,	McCormack	Rooney
Leonard W.	McDonough	Rowan
Hand	McGlinchey	Ryter
Hare	Madden	Sabath
Harless, Ariz.	Manasco	Sadowski
Harris	Marcantonio	Sasscer
Hart	Mathews	Savage
Hartley	Mills	Sheppard
Havenner	Monroney	Sheridan
Hays	Morgan	Sikes
Healy	Murdock	Smith, Maine
Hedrick	Murray, Tenn.	Smith, Va.
Heffernan	Neely	Somers, N. Y.
Hendricks	Norrell	Spence
Herter	O'Brien, Ill.	Starkey
Heselton	O'Brien, Mich.	Stevenson
Hinshaw	O'Konski	Stigler
Hobbs	O'Neal	Sullivan
Hoch	O'Toole	Sumners, Tex.
Holmes, Mass.	Outland	Sundstrom
Holmes, Wash.	Pace	Talbot
Hook	Patman	Taylor
Horan	Patrick	Thom
Huber	Patterson	Thomas, Tex.
Hull	Peterson, Fla.	Thomason
Jackson	Pfeifer	Traynor
Jarman	Philbin	Trimble
Johnson, Calif.	Pittenger	Voorhis, Calif.
Johnson, Tex.	Ploeser	Walter
Judd	Poage	Wasielewski
Kean	Powell	Weaver
Kearney	Pratt	White
Kee	Price, Fla.	Whitten
Keefe	Price, Ill.	Whittington
Kelley, Pa.	Quinn, N. Y.	Wigglesworth
Keogh	Rabaut	Winstead
King	Rabin	Wolverton, N. J.
Kirwan	Rains	Woodhouse
Klein	Ramey	Worley
Kopplemann	Randolph	Zimmerman
Kunkel	Rayfiel	

ANSWERED "PRESENT"—2

Martin, Mass. Rivers

NOT VOTING—74

Adams	De Lacy	Mansfield, Tex.
Allen, La.	Delaney,	May
Anderson, Calif.	John J.	Miller, Calif.
Andrews, N. Y.	Earthman	Morrison
Baldwin, Md.	Engel, Mich.	Norton
Bates, Ky.	Gillespie	Peterson, Ga.
Beckworth	Gossett	Priest
Bennet, N. Y.	Halleck	Reece, Tenn.
Boren	Hébert	Robinson, Utah
Boykin	Hill	Rockwell
Bradley, Mich.	Holifield	Roe, Md.
Bryson	Izac	Russell
Bunker	Johnson, Okla.	Short
Chenoweth	Kefauver	Slaughter
Clippinger	Kerr	Sparkman
Cochran	Kilburn	Stewart
Coffee	Kilday	Tolan
Cole, Kans.	Ludlow	Torrens
Combs	McGehee	Vinson
Cooper	McKenzie	Welch
Courtney	McMillan, S. C.	West
Cox	Mahon	Wickersham
Cravens	Maloney	Wolfenden, Pa.
Crawford	Mankin	Wood
Curley	Mansfield,	
Daughton, Va.	Mont.	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Short for, with Mr. Andrews of New York against.

Mr. Bradley of Michigan for, with Mr. Bennet of New York against.

Mr. Roe of Maryland for, with Mr. Kerr against.

Mr. Chenoweth for, with Mr. Martin of Massachusetts, against.

Mr. Cole of Kansas for, with Mr. Morrison against.

Mr. Wood for, with Mr. John J. Delaney against.

Mr. Wolfenden of Pennsylvania for, with Mr. Izac against.

Mr. Clippinger for, with Mr. Welch against.

Mr. Rivers for, with Mr. Bryson against.

General pairs until further notice:

Mr. Kefauver with Mr. Halleck.

Mr. Maloney with Mr. Adams.

Mr. Wickersham with Mr. Hill.

Mrs. Norton with Mr. Crawford.

Mr. McKenzie with Mr. Gillespie.

Mr. Daughton of Virginia with Mr. Andrews of California.

Mr. De Lacy with Mr. Rockwell.

Mr. Vinson with Mr. Kilburn.

Mr. Priest with Mr Reece of Tennessee.

Mr. BUTLER and Mr. ROBSION of Kentucky changed their votes from "nay" to "yea."

Mr. RIVERS. Mr. Speaker, I have a live pair with the gentleman from South Carolina, Mr. BRYSON. If he were present he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. MARTIN of Massachusetts. Mr. Speaker, I have a live pair with the gentleman from Colorado, Mr. CHENOWETH. If he were present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

Mr. SPENCE and Mr. WOLCOTT demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 210, nays 142, answered "present" 2, not voting 76, as follows:

[Roll No. 235]

YEAS—210

Almond	Eberharter	Huber
Andrews, Ala.	Elsaesser	Jackson
Angell	Elston	Jarman
Auchincloss	Engle, Calif.	Johnson, Calif.
Bailey	Ervin	Johnson, Tex.
Baldwin, N. Y.	Fallon	Judd
Barrett, Pa.	Feighan	Kean
Barrett, Wyo.	Fenton	Kearney
Barry	Fernandez	Kee
Bates, Mass.	Flannagan	Kelley, Pa.
Bell	Flood	Kelly, Ill.
Bender	Fogarty	Keogh
Biemiller	Folger	King
Blackney	Forand	Kirwan
Bland	Gallagher	Klein
Bloom	Gamble	Kunkel
Bolton	Gardner	LaFollette
Bonner	Gary	Lane
Bradley, Pa.	Gathings	Latham
Brooks	Geelan	Lesinski
Brown, Ga.	Gerlach	Link
Buchanan	Gifford	Luce
Buckley	Gordon	Lyle
Bulwinkle	Gore	Lynch
Butler	Gorski	McCormack
Byrne, N. Y.	Graham	McDonough
Camp	Granahan	McGlinchey
Canfield	Granger	Madden
Cannon, Fla.	Grant, Ala.	Manasco
Carnahan	Green	Marcantonio
Case, N. J.	Gregory	Mathews
Celler	Hall,	Monroney
Chapman	Edwin Arthur	Morgan
Chelf	Hall,	Murdock
Clark	Leonard W.	Murray, Tenn.
Clason	Hand	Neely
Clements	Hare	O'Brien, Ill.
Colmer	Harless, Ariz.	O'Brien, Mich.
Corbett	Harris	O'Neal
Crosser	Hart	O'Toole
D'Alesandro	Hartley	Outland
Davis	Havenner	Patman
Dawson	Hays	Patrick
Delaney,	Healy	Patterson
James J.	Hedrick	Pfeifer
Dingell	Heffernan	Philbin
Domengeaux	Hendricks	Ploeser
Dondero	Herter	Poage
Doughton, N. C.	Heselton	Powell
Douglas, Calif.	Hess	Pratt
Douglas, Ill.	Hobbs	Price, Fla.
Doyle	Hoch	Price, Ill.
Drewry	Holmes, Wash.	Quinn, N. Y.
Durham	Hook	Rabaut
Eaton	Horan	Rabin
Rains	Sadowski	Thomas, Tex.
Ramey	Savage	Thomason
Randolph	Sharp	Tibbott
Rayfiel	Sheppard	Traynor
Resa	Sheridan	Trimble
Richards	Smith, Maine	Voorhis, Calif.
Riley	Smith, Va.	Walter
Robertson, Va.	Somers, N. Y.	Wasielewski
Roe, N. Y.	Spence	Weaver
Rogers, Fla.	Starkey	White
Rogers, Mass.	Stigler	Whittington
Rogers, N. Y.	Sullivan	Wigglesworth
Rooney	Sundstrom	Wolverton, N. J.
Rowan	Talbot	Woodhouse
Ryter	Taylor	Worley
Sabath	Thom	Zimmerman

NAYS—142

Abernethy	Gross	O'Hara
Allen, Ill.	Gwinn, N. Y.	Pace
Andersen,	Gwynne, Iowa	Peterson, Fla.
H. Carl	Hagen	Phillips
Andresen,	Hale	Pickett
August H.	Hancock	Pittenger
Arends	Harness, Ind.	Plumley
Arnold	Henry	Rankin
Barden	Hinshaw	Reed, Ill.
Beall	Hoeven	Reed, N. Y.
Bennett, Mo.	Hoffman, Mich.	Rees, Kans.
Bishop	Hoffman, Pa.	Rich
Brehm	Holmes, Mass.	Rizley
Brown, Ohio	Hope	Robertson,
Brumbaugh	Howell	N. Dak.
Buck	Hull	Robsion, Ky.
Buffett	Jenkins	Rodgers, Pa.
Byrnes, Wis.	Jennings	Schwabe, Mo.
Campbell	Jensen	Schwabe, Okla.
Cannon, Mo.	Johnson, Ill.	Scrivner
Carlson	Johnson, Ind.	Shafer
Case, S. Dak.	Jones	Sikes
Chiperfield	Jonkman	Simpson, Ill.
Church	Keefe	Simpson, Pa.
Clevenger	Kinzer	Smith, Ohio
Cole, Mo.	Knutson	Smith, Wis.
Cole, N. Y.	Kopplemann	Springer
Cooley	Landis	Stefan
Cunningham	Lanham	Stevenson
Curtis	Larcade	Stockman
D'Ewart	Lea	Sumner, Ill.
Dirksen	LeCompte	Sumners, Tex.
Dolliver	LeFevre	Taber
Dworshak	Lemke	Talle
Elliott	Lewis	Tarver
Ellis	McConnell	Thomas, N. J.
Ellsworth	McCowen	Towe
Fellows	McGregor	Vorys, Ohio
Fisher	McMillen, Ill.	Vursell
Fuller	Martin, Iowa	Wadsworth
Fulton	Mason	Weichel
Gavin	Merrow	Whitten
Gearhart	Michener	Wilson
Gibson	Miller, Nebr.	Winstead
Gillette	Mills	Winter
Gillie	Mundt	Wolcott
Goodwin	Murray, Wis.	Woodruff
Grant, Ind.	Norblad	
Griffiths	Norrell	

ANSWERED "PRESENT"—2

Martin, Mass. Rivers

NOT VOTING—76

Adams	De Lacy	Mansfield, Tex.
Allen, La.	Delaney,	May
Anderson, Calif.	John J.	Miller, Calif.
Andrews, N. Y.	Earthman	Morrison
Baldwin, Md.	Engel, Mich.	Norton
Bates, Ky.	Gillespie	O'Konski
Beckworth	Gossett	Peterson, Ga.
Bennet, N. Y.	Halleck	Priest
Boren	Hébert	Reece, Tenn.
Boykin	Hill	Robinson, Utah
Bradley, Mich.	Holifield	Rockwell
Bryson	Izac	Roe, Md.
Bunker	Johnson, Okla.	Russell
Chenoweth	Kefauver	Sasscer
Clippinger	Kerr	Short
Cochran	Kilburn	Slaughter
Coffee	Kilday	Sparkman
Cole, Kans.	Ludlow	Stewart
Combs	McGehee	Tolan
Cooper	McKenzie	Torrens
Courtney	McMillan, S. C.	Vinson
Cox	Mahon	Welch
Cravens	Maloney	West
Crawford	Mankin	Wickersham
Curley	Mansfield,	Wolfenden, Pa.
Daughton, Va.	Mont.	Wood

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Andrews of New York for, with Mr. Short against.

Mr. Bennet of New York for, with Mr. Bradley of Michigan against.
Mr. Kerr for, with Mr. Roe of Maryland against.
Mr. Martin of Massachusetts for, with Mr. Chenoweth against.
Mr. Morrison for, with Mr. Cole of Kansas against.
Mr. John J. Delaney for, with Mr. Wood against.
Mr. Izac for, with Mr. Wolfenfen of Pennsylvania against.
Mr. Welch for, with Mr. Clippinger against.
Mr. Bryson for, with Mr. Rivers against.

Additional general pairs:

Mr. Priest with Mr. Reece of Tennessee.
Mr. Vinson with Mr. Kilburn.
Mr. De Lacy with Mr. Rockwell.
Mr. Daughton of Virginia with Mr. Andrews of California.
Mr. McKenzie with Mr. Gillespie.
Mrs. Norton with Mr. Crawford.
Mr. Wickersham with Mr. Hill.
Mr. Maloney with Mr. Adams.
Mr. Kefauver with Mr. Halleck.
Mr. Sparkman with Mr. Engel of Michigan.

Mr. RICHARDS changed his vote from "nay" to "yea."

Mr. RIVERS. Mr. Speaker, I am paired with the gentleman from South Carolina, Mr. BRYSON. If present he would vote "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. MARTIN of Massachusetts. Mr. Speaker, I am paired with the gentleman from Colorado, Mr. CHENOWETH. If he were present he would vote "nay." I voted "yea." I withdraw my vote of "yea" and vote "present."

The result of the vote was announced as above recorded.

House Resolution 670 was laid on the table.

A motion to reconsider was laid on the table.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS

Mr. GORE. Mr. Speaker, in view of the pressure of time in the closing days of the Congress, and due to the importance of certain bills to come before the Congress, including social-security amendments, the reorganization of Congress, and other important pending matters, and since there is no particular point to be served in the preservation of Calendar Wednesday tomorrow, I move that Calendar Wednesday business be dis-dispensed with.

The SPEAKER. The question is on the motion offered by the gentleman from Tennessee.

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were—ayes 192, noes 34.

Mr. MARCANTONIO. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

So (two-thirds having voted in the affirmative) the motion was agreed to.

Mr. McCORMACK. Mr. Speaker, in view of the motion just adopted, I ask unanimous consent that when the House adjourns today it adjourn to meet tomorrow at 11 o'clock.

Mr. MARCANTONIO and Mr. POWELL objected.

COMMITTEE ON EDUCATION

Mr. BARDEN. Mr. Speaker, I ask unanimous consent that the Committee on Education may be permitted to sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

Mr. BLOOM submitted a conference report and statement on the Resolution (H. J. Res. 305) providing for membership and participation by the United States in the United Nations Educational, Scientific, and Cultural Organization, and authorizing an appropriation therefor.

RAILROAD REORGANIZATIONS

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5924) to enable debtor railroad corporations, whose properties during a period of 7 years have provided sufficient earnings to pay fixed charges, to effect a readjustment of their financial structure without further proceedings under section 77 of the Bankruptcy Act, as amended.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 5924, with Mr. FORAND in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. HANCOCK. Mr. Chairman, I am not as familiar with the pending bill as the members of our subcommittee on bankruptcy who have given it a great deal of close study, but I have read enough of the hearings to convince myself that it is a meritorious measure.

As has been explained, a great many, if not most of the railroad systems of the country were thrown into bankruptcy during the dark decade between 1930 and 1940, and reorganization plans were made and approved under section 77 of the Bankruptcy Act based on the depressed values and low earnings of the thirties. Under those plans the holders of junior securities and the stockholders were completely wiped out. Since those plans were approved the railroads have enjoyed several lush years. A number of them have made their fixed charges and have accumulated large reserves, sufficient to pay fixed charges, rehabilitate the properties, pay defaulted interest, and provide working capital. Railroads which had no equity values in 1939 and 1940 are now entirely solvent.

This bill merely provides that in the case of bankrupt railroads which have made fixed charges for 7 years and whose reorganization plans have not been consummated, the Court may return the management and properties to the former owners for a period of 18 months within which they may have the opportunity of working out compositions with their creditors. They may not be successful but I feel that the stockholders should have a chance to save some of their investments from the wreckage.

During the depression New York State passed a law declaring a moratorium on mortgage foreclosures for nonpayment of principal when due. Thousands of home owners were losing their life's savings because of their financial difficulties and the unwillingness or inability of banks and other financial institutions to lend money for refinancing mortgages when they fell due. This law has saved thousands of homes and has caused comparatively trivial losses to mortgagees. Congress took cognizance of a similar situation in the Dust Bowl States where thousands of thrifty, hard-working farmers were losing their properties because of a succession of poor crop years. We passed the Fraser-Lemke bill to give these unfortunate men a chance to save their farms.

If final orders are now made to put the reorganization plans of railroads, made 6 or 7 years ago, into effect, it would be equivalent to depriving a Dakota farmer of his property after the rains have come and crops are abundant.

If the humane principle underlying the New York mortgage moritorium act and the Fraser-Lemke Act is sound, then the Reed bill we are considering is sound, and so far as I am concerned I see no reason why there should be any exceptions.

I believe this bill should be passed to protect thousands of small investors in railroad stocks against total loss of their investments. I want them to have a chance for their white alley.

If this bill is not passed the ownership and management of the railroads of the country will fall into the hands of the holders of the senior securities who are a comparatively small group of banks and insurance companies. The passage of the bill can cause them no loss, but it may have the effect of preventing their unjust enrichment at the expense of many little men.

With a few powerful financial institutions owning the railroads it is a short step to Government ownership.

In my judgment, and that of many others more competent than I to judge, the passage of the bill will do much to restore the credit of the railroads. Investors will be far more willing to buy railroad stocks if they know their equities will have some measure of protection.

It seems to me that the passage of this bill is in the interest of hundreds of thousands of good, thrifty, hard-working American citizens, and that it is in the interest of the railroads themselves.

ONLY CONGRESS CAN SAVE RAILROAD INVESTORS FROM BUREAUCRATIC EXECUTION

Mr. REED of Illinois. Mr. Chairman, the purpose of this legislation is to halt as quickly as possible the further destruction of over $2,000,000,000 of railroad securities that represent the savings of hundreds of thousands of American men and women distributed throughout the Nation.

To fully understand the present problem it is necessary to review briefly the reorganization proceedings under section 77 of the Bankruptcy Act which produced the lamentable condition which this bill seeks to remedy.

When our railroads were struck by the inescapable fury of the unprecedented national depression of the early 1930's, augmented by serious drought and other adverse conditions, there existed in the law only the equity receivership

procedure for foreclosing the lien of obligations which defaulted in payment of either interest or principal or both. That procedure had theretofore resulted in such wanton losses of railroad investments, that Congress hastily passed a new law in 1933 to grant relief to these financially imperiled railroads. That law, now known as section 77 of the Bankruptcy Act, was intended by Congress to avoid the enormous sacrifices of investments and the tremendous cost of railroad receiverships.

In actual practice, however, as construed and applied by the Interstate Commerce Commission and the courts, section 77 has proved to be a procedure whereby over $2,000,000,000 of railroad investments, both bonds and stocks, either have been or will be needlessly wiped out unless Congress acts promptly to prevent it.

To understand how this has happened and how it will continue to occur unless Congress halts it requires a brief review of the procedure under section 77. Under that statute, when a debtor railroad corporation is unable to meet its obligations as they mature, it files a petition in the Federal district court in which it seeks to be reorganized. The court then appoints trustees to take over and manage the railroad's property. The debtor railroad is required to file a plan of reorganization with the Interstate Commerce Commission, which then holds hearings, in which all parties in interest, including creditors and mortgage trustees, are permitted to intervene and be heard. Other parties are also allowed to submit plans of reorganization. After such hearings, the Commission issues an approved plan of reorganization which may be one of the plans submitted, or a modification or combination of any such plans, or it may be the Commission's own plan. In any event the Commission issues an approved plan which thereby becomes the Commission's plan regardless of how it originated. Section 77 also provides a procedure under which the district court may first approve and later confirm a plan of reorganization theretofore approved by the Commission.

However, the Supreme Court has held repeatedly that the courts cannot independently review the Commission's valuation or pass upon whether the plan unjustly or inequitably limits the proposed capitalization of the new company, with the consequent elimination of old securities in excess of such limit of capitalization, but the courts are restricted to determining merely whether the Commission's findings of value and of capitalization are supported by some evidence and whether the Commission complied with the procedure and standards specified in the act. After the district court has approved a plan, section 77 provides that the Commission shall submit the plan to a vote of the old security holders to accept or reject it. But stockholders and creditors whose interests have been found by the Commission to be of no value, and hence have been wiped out, are not entitled to vote on the plan at all. Moreover, even if those voting on the plan reject it, the plan nevertheless may be made binding upon them. This was done, for example, in the Denver & Rio Grande Western reorganization where 90 percent of the $43,000,000 claim of the general mortgage bondholders is wiped out, even though the plan was overwhelmingly rejected by them. The result has been that as a practical matter the Commission exercises complete and final authority over the revaluation and recapitalization of these railroads, including the determination of which investments in bonds and stocks should be wholly wiped out or drastically reduced.

Pursuant to this broad and conclusive power, the Commission, in 1939 and 1940, revalued and fixed the capitalization in approved plans of reorganization for almost all of these distressed railroads. Under these plans the capitalizations were cut so drastically that over $2,500,000,000 in the bonds and stocks of those railroads were completely wiped out and in addition many senior securities were harshly treated.

To understand clearly the procedure by which the Commission's plans wipe out these investments it is necessary to keep in mind that the financial structures of railroads consist generally of five classes or kinds of security holders; namely:

First. First or prior lien bondholders, whose bonds are secured by first mortgages on the whole or major portions of the railroad. Their claims must be satisfied ahead of all others.

Second. Second or junior lien bondholders, whose bonds are secured by second or other junior mortgages on property covered by the first and prior claim of the first group or sometimes just on less important mileage.

Third. Unsecured bondholders or other creditors to whom the railroad owes money but who do not hold mortgages on the railroad to secure the payment of their claims.

Fourth. Holders of preferred stock, whose interests in the railroad are subject to and inferior to the claims of all creditors in each of the prior groups, but whose claims usually come ahead of those of the holders of common stock.

Fifth. Holders of common stock whose interests are below and subject to all of the above groups.

Under the law the claims of these security holders must be fairly and equitably provided for in the order of their priority. If there are not sufficient assets to satisfy all these interests, then the common stockholders must make the first sacrifice, then the preferred stockholders, then the unsecured creditors if any, and finally if necessary even the junior bondholders.

The procedure by which the Commission wiped out investments is very simple. It estimated the value of the railroad, basing that value primarily upon its guesses as to future average earnings, and those guesses were in turn based largely upon the extremely low earnings of the depression years. That estimated total value of the railroad was then taken as the limit of its new capitalization, and the Commission's approved plan provided for the issuance of new bonds and stocks only to the total amount of that estimated value. In the case of every one of these railroads the value so estimated by the Commission was drastically less than the old capitalizations of the roads as represented by outstanding bonds and stocks, the issuance of almost all of which had been previously approved by the Commission itself before those old securities had been sold and distributed. The Commission then made a finding that the old securities in excess of the new valuation were without value, and the holders thereof were denied any participation whatever in the new company. They were simply wiped out.

In other words, under such plans of reorganization, there were just not enough new securities for distribution among the holders of all of the old securities, and hence the plans provided for the distribution of the new securities in the order that the old security holders were entitled to priority. That is, the senior or first lien bondholders are entitled to have their claims covered before the junior or second lien bondholders' claims are covered, and then, if there are any new securities left, the preferred stockholders are entitled to receive them, and if there still remain any new securities the common stockholders are entitled to them. But since the Commission's valuations were so drastically less than the total of old bonds and stocks outstanding, the new securities—limited to the amount of that low valuation—were in practically all cases not sufficient to reach down to even the old preferred stock, and in no case, I believe to the common stockholders. These preferred and common stockholders simply receive nothing under the plans, consistently with the Commission's finding that their interests are without value, because those securities are in excess of the Commission's estimate of the total value of the railroad which limits the total permissable capitalization. Thus, such stockholders are wiped out.

Moreover, the Commission's valuations—based primarily, as I said, on the depression earnings—were so extremely low in most cases, that in addition to the interests of stockholders the claims of unsecured creditors and second-lien bondholders also were not fully covered by new securities and a great many creditor claims were likewise wiped out. Indeed, even the senior first-lien bondholders were sometimes very harshly treated. There is hardly a major security issue in any reorganization before the Commission that was not diluted by being offered, at least in part, a new security inferior in character to the old.

Then a great, unexpected change occurred. Beginning in 1940 and continuing at an accelerated rate, the earnings of these railroads rose by leaps and bounds. The 1939–40 guesses of the Commission as to future earnings were proved to be grossly wrong year after year for five full years. The accumulation of large cash surpluses by these railroads and the expenditure, year after year, of huge amounts in the vast improvement of their properties, resulted in a complete transformation of their financial and physical status.

Two examples will suffice to illustrate this change:

During the period from January 1, 1941, to January 1, 1946—5 years—the earnings on the wiped-out stocks of the St. Louis-Southwestern Railroad, after allowing full interest on all bonds, amounted to $149.89 per share of preferred and $144.45 per share of common, an aggregate of $29,801,000. On December 31, 1940, the St. Louis-Southwestern System had a deficit in net current assets of $1,778,894 and its cash on hand at the beginning of 1941 was only $1,448,484, but at the close of 1945, it had net current assets of $21,240,000 and cash and cash items of $31,383,000. On March 31, 1946, net current assets amounted to $23,-018,000 and cash and cash items were $32,086,000.

For the year 1944 alone, the St. Louis-Southwestern paid Federal Excess Profit Taxes of $21,398,441—over $124 per share of common stock. Even after the payment of all fixed charges and taxes, including these enormous excess-profits taxes, this railroad earned in this single year over $41 per share of common stock. The earnings per share of preferred stock were, of course, greater still. These are the same stocks that the Commission in its plan of March 9, 1942 declared to have no value.

The Gulf Coast Lines—New Orleans, Texas & Mexico—for the 5-year period 1941–45, inclusive, after allowing full interest on all bonds, earned $103.82 per share of common stock, an aggregate of $15,392,000. On December 31, 1940, net current assets of the Gulf Coast Lines were but $1,585,481, with cash of only $609,901. By December 31, 1945, net current assets of this system had risen to $13,839,490, while cash and cash items had mounted to $18,905,464. On March 31, 1946, net current assets of the Gulf Coast Lines were $15,489,774, with cash and cash items of $21,907,207. For the year 1944 alone the Gulf Coast Lines paid Federal excess profits taxes of $1,-522,611—over $67 per share of common stock. Even after the payment of all fixed charges and taxes, including these excess profits taxes, this railroad earned more than $27 per share of common stock in this single year. This is the same common stock that under the Commission's latest plan will receive a mere pittance for each share, namely, one-quarter share of class A stock, and one-half share of class B stock, plus thirty-seven one-hundredths purchase warrants, of the proposed reorganized Missouri Pacific Railroad.

And so it goes with all the rest of these great railroad systems.

The corresponding figures on the Denver & Rio Grande Western Railroad are contained in my remarks made before the House on June 11 and appear in the RECORD at page 6702.

In spite of these changes the Commission has persistently refused to revise its original 1939–40 plans of reorganization except to an almost negligible extent.

Take the New York, New Haven & Hartford Railroad. This railroad in 4½ years—1941 to June 1945—earned $140.91 in its wiped-out preferred stock—and that is after covering all of its interest and fixed charges—and earned $34.14 on its wiped-out common. The total amount earned in these 4½ years on its wiped-out stocks was $69,097,592.

Mr. TALBOT. Mr. Chairman, will the gentleman yield?

Mr. REED of Illinois. I yield.

Mr. TALBOT. I notice the statement is made in the report accompanying the bill that the New York, New Haven & Hartford earned all its fixed charges and $46,000,000 more. I assume the gentleman is aware of the fact that the New York, New Haven & Hartford Railroad Co. owes to its creditors over $102,000,000 and that even if it earned another $50,-000,000 it still would not have enough to pay its creditors.

Mr. REED of Illinois. And at the present time the New York, New Haven & Hartford has in its till in cash $63,691,-780, which it can pay to its creditors without having to give them the railroad as well.

Mr. TALBOT. It can do nothing of the kind. If the gentleman will yield again, it owes the Federal Government in taxes, it owes the State government in taxes, it owes every municipality in the State of Connecticut, and the same in Massachusetts in taxes more than $30,000,000 of that $60,000,000; and until the United States District Court orders the New Haven Railroad to make those payments it cannot.

Mr. REED of Illinois. It paid the Federal Government itself in excess profits taxes alone $8,458,123 in 1944.

The earnings of the Chicago, Rock Island & Pacific Railway over this 4½-year period from January 1, 1941, to June 30, 1945, on its wiped out preferred stock was $121.45, and on its wiped-out common stock $67.52. The total amount earned by this railroad in the 4½-year period on its wiped out stocks amounts to $71,291,766.

The St. Louis-San Francisco Railroad earned in this 4½-year period on its wiped out stock $36,321,158, amounting to $67.04 on the preferred and $34.53 on the common. It paid an excess profits tax of $9,829,000 in 1944 alone.

The Missouri Pacific earned in the 4½-year period on its wiped-out preferred stock $107.58 on each share, and on its wiped-out common stock it earned $73.74.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. HANCOCK. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. REED of Illinois. The Chicago, Milwaukee, St. Paul earned $52.95 on its wiped-out preferred stock in this 4½-year period, and its wiped-out common stock $31.32. This railroad paid an excess-profits tax on $11,146,146 in the single year of 1944.

On June 28, less than 3 weeks ago, Judge Michael L. Igoe a former distinguished Member of this House, and now judge of the district court in Chicago, handed down an opinion in the case of the Chicago, Rock Island & Pacific Railway proceedings in which he said:

> It must be remembered, in fairness, that practically all of the major plans of reorganization were worked out by the Commission in the year 1940 or prior thereto. Hence they do not and cannot reflect the extensive strengthening of cash resources, the important retirement of debt, and the very considerable improvements to road and equipment made possible by the huge revenues received during the ensuing war years.
>
> * * * * *
>
> In the present case we have a plan that, except for slight modifications, was prepared by the Commission in 1940 and rests on studies of earnings, etc., going back to 1937 and even beyond.
>
> Against that we find the debtor today with cash or equivalent of over $70,000,000; with an RFC loan aggregating, principal and interest, in excess of $18,000,000, paid in full; with the entire first mortgage of the Peoria Terminal Co., to all intents and purposes paid in full; with over 20 percent of the Choctaw & Memphis first mortgage retired; and with an amazing reduction in the interim of equipment debt. Three classes of creditors set up in the original plan have disappeared—the banks, the RFC, and the Peoria Railway Terminal Co.
>
> The above recital does not take into account the tremendous sums expended over the period on improvement of road and equipment, nor does it include the retirement of debt on jointly owned facilities such as the Joliet and Denver terminals.

Judge Igoe refused to confirm the Commission-approved plan which wiped out seventy-four million of common stock, fifty-four and one-half million of preferred stock, and tens of millions of dollars of junior mortgage bond claims as well. He sent the case back to the Commission for the consideration of modifications to the present plan or the proposal of a new plan.

Of course, his action in that respect will probably be appealed. It will go to the Supreme Court, but, as I stated this morning, Justice Reed in his opinion rendered on behalf of the Supreme Court in the Denver & Rio Grande case said that it was up to Congress, that legislation had already been introduced in the Congress, and he actually referred in his opinion to the report of the committee on this particular bill. He threw the ball to Congress and said, "It is up to you." Now before the order of the court goes into effect a mandate must issue from the Supreme Court to the lower court. It is a significant fact that, after the Supreme Court decided the Denver & Rio Grande case by sustaining the district court and reversing the Circuit Court of Appeals, Justice Reed stayed that mandate. He stayed it until August 1, and it is significant that he, as well as the other Members of the Supreme Court, knew that Congress would be in session until August 1; knew that this bill was pending; knew that the Wheeler bill had already passed the Senate; and that legislation might be passed which would relieve that situation.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. REED of Illinois. I yield to the gentleman from Nebraska.

Mr. CURTIS. Is H. R. 5924 the bill that is now before us?

Mr. REED of Illinois. Yes.

Mr. CURTIS. I understood there was an additional section added.

Mr. REED of Illinois. There were some committee amendments added.

Thus section 77 of the Bankruptcy Act, which was enacted in 1933 for the relief of railroads in financial distress, unwittingly placed within the jurisdiction of a Federal bureau the power to destroy the very financial and corporate structures Congress intended it to conserve. Congress no less unwittingly gave that bureau the power to determine the future financial and corporate existence of the Nation's railroads; to choose the individuals who were to control those roads; and to decree the forfeiture of $2,500,000,000 of the invested savings of American citizens.

Everyone agrees that it would be wrong to base a plan of reorganization primarily upon earnings during the war years, just as it is wrong to base such plans primarily upon earnings during the depression years. But the demonstrated earning capacity of these railroads and their present improved properties and financial condition as compared with the situation which existed when the Commission's plans were formulated in 1939–40, have conclusively proved those plans to be grossly unfair and inequitable and the shocking sacrifice of hundreds of millions of dollars of railroad investments wholly unwarranted and unnecessary.

The point is that the cash is in the till, and the properties have been actually rehabilitated and improved by huge cash expenditures out of earnings. Whatever may be the source of these great changes in the financial conditions of these railroads, those changes have actually occurred. The old plans of the Commission are completely outmoded.

It is noteworthy that even under the abnormal conditions resulting from the steel strike, the automobile strike, and other strikes this year, many of these railroads made good showings. Take, for example, the two railroads to which I have already referred. In the first 4 months of 1946, the Gulf Coast Lines earned $16.18 per share on the wiped-out common stock, even though gross revenues fell from $17,000,000—for the corresponding period in 1945—to $14,000,000. The St. Louis Southwestern, in the same 4 months of 1946, earned $5.51 on the wiped-out preferred stock and $4.45 on the wiped-out common stock despite a drop in gross revenues during the same period from $25,000,000—for 1945—to $14,000,000. This ability thus to meet unexpected and abnormal situations is proof of the resiliency which has been built into our railroads by their rehabilitation programs.

Now note that these showings were made under extremely difficult conditions. Not only did the Nation-wide strike situation cause drastic declines in gross earnings, but the declines came suddenly, erratically and were hard to meet. Think what these railroads can do when the present uncertainties are resolved and our national economy is functioning smoothly in the vast production program that lies ahead—when we are actually producing steel to the limit of our capacity, building millions of homes, automobiles, refrigerators, and myriads of other products to fill the enormous pent-up demands, and after that the normal demands, of the Nation. We have a prospect of a national income of 2½ to 3 times the 1930-40 average. A special committee of this House is now in the process of making an extensive study of our prospective period of industrial expansion and prosperity. Mr. Chairman, under those conditions the Nation will need these wiped-out, private-enterprise investors in our railroads—will need all their loyalty, ingenuity, acumen, energy, and resourcefulness that gave this Nation the greatest transportation system in the world.

In essence, the situation which exists with reference to these railroads may be readily illustrated by a simple example. Let us assume a man owned and operated a successful, profitable hardware store before the depression. To equip and stock his store he had borrowed funds from a bank, giving a chattel mortgage on his store fixtures to secure the loan. Then, for necessary working capital, he had borrowed some money from a friend who loaned it merely on general credit. Then came the depression and his trade was so reduced that he was unable to earn enough to pay the installments due on his loan to the bank. He was forced into bankruptcy. Let us then assume that all his store property and assets were decreed to be turned over to the bank to satisfy their secured claim. But before this decree becomes finally effective his business picks up. Indeed, his profits soar. He earns enough cash year after year to install new fixtures and equipment and otherwise completely modernize his store and pay for it all with cash out of earnings—and still accumulates a large cash surplus. His present assets are much more than sufficient to fully satisfy his bank's secured claim, leave ample to satisfy the unsecured claim of his friend, and also salvage a substantial value and the going business for himself. Would it be just or equitable to allow the bank to take all this greatly improved property, plus the cash in the till, and to completely wipe out the unsecured claim of the friend who loaned money on credit as well as the owner's interest in his again-profitable business? Obviously not. Yet this is exactly analogous to what will happen with these railroads if Congress does not promptly prevent it by passing a law such as H. R. 5924.

H. R. 5924 is designed to grant relief and to quickly halt these useless sacrifices of investments.

The simple procedure by which this bill proposes to accomplish this purpose is as follows:

When a Federal judge finds that a railroad corporation, a debtor in pending proceedings under section 77 of the Bankruptcy Act, has had average annual earnings during the latest period of seven preceding calendar years sufficient to pay its fixed charges during those years, he shall, upon application by any party to the proceedings, direct the return of the possession of the properties, their management and operation, to the debtor railroad, in order that it may proceed to effectuate a voluntary adjustment of its financial obligations and through such adjustment secure its dismissal from bankruptcy proceedings. To accomplish such a voluntary adjustment the bill provides a period of 18 months or such additional time as the judge may allow. It permits the debtor railroad to effect its financial readjustment under any Federal statute that makes provision for the relief of railroad corporations or under which its financial structure may be readjusted without resort to section 77 of the Bankruptcy Act.

Certain amendments, unanimously approved by the Committee on the Judiciary, will be offered in due course to further improve the effectiveness of the bill in accomplishing its main purposes.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Mr. Chairman, during the course of the discussion on the rule we heard a lot of talk about this being a fight between Wall Street and Main Street. Well, if it is that, then I want to assure all of you that Main Street must be interested in the defeat of this hybrid legislation. I say that for this reason: The depositors in the savings banks on both sides of Main Street, the residents on both sides of Main Street, are interested in the security of their insurance policies. If this bill did what the distinguished gentleman from Illinois claims it would do, I am quite certain that every Member of this House would be for it. But, do not forget this, that when we enacted the original railroad reorganization law we did it because we realized full well that the capital structure of our railroads could not be maintained, and in the enactment of that legislation we knew that somebody's interest, in whatever piece of paper they held, was going to be affected.

I want to say very frankly to the committee that I was for the Hobbs bill. I do not think that the Reed bill is a bad bill, but bear this in mind, that neither the Reed bill nor the Hobbs bill will be the law when we are called upon for final action. We have adopted a rule that is the most unusual rule that this House has ever adopted. I say that because it makes in order the consideration of the Wheeler bill which would never have been reported out of the Committee on the Judiciary or of the committee to which it would properly have been referred.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Alabama.

Mr. HOBBS. I want to call the gentleman's attention to the fact that it is proposed also by committee amendment to engraft also into the body of the Reed bill the McLaughlin or the Kefauver bill.

Mr. WALTER. May I ask the gentleman from Alabama this question? Would the gentleman have urged the Committee on the Judiciary to have reported favorably the Wheeler bill?

Mr. HOBBS. No.

Mr. WALTER. No; of course not.

What is the practical situation? We are going to enact something here today, perhaps, and that will go to the Senate under a Senate number, under the number of a bill that the gentleman from Alabama [Mr. HOBBS], one of the sponsors of this bill, says would never have been reported by the Committee on the Judiciary, and then a group of conferees will write a bill, a bill that is of the utmost importance, because it very vitally affects the economy of this Nation. Thousands of savings banks have invested the depositors' money in what they call gilt-edged rail securities.

Insurance companies have invested their money in this form of security. Do you not think that in all fairness whatever is done by the committee of conference ought to be submitted to the representatives of the insurance companies and to the representatives of the savings banks so that they can determine whether or not they can properly and safely continue to invest their money in this form of security?

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Will the gentleman make some further statement that will give me some light as to just how I as a banker and the owner and purchaser of the bonds I am permitted to purchase of railroad securities, or representing an insurance company that owns the first-mortgage bonds on any railroad company, or a savings bank that owns the first-mortgage bonds, which it has bought and put into its portfolio, will be affected as to the securities held, which are senior securities, in any proposal that may come up for reorganization?

Mr. WALTER. I am glad my distinguished friend asked that question because I have the same interest for the same reasons in the securities investments of a national bank. This is the reason why banking groups and insurance groups are opposed to the bill and are worrying about the action we will take here today.

The roads that are now in receivership have had plans for their reorganization studied for periods of upward of 11 years. A great deal of time and money has been expended in the preparation and submission of those plans. If we should suddenly remove the control of the court, then, of course, the operation and management of those roads will revert to those people who were in control at the time the road went into bankruptcy, or those people who have been speculating in the last several years and who will gain control of the roads. These people feel that the inevitable result of turning the roads back to the stockholders will be another bankruptcy and another expensive reorganization, with the resultant whittling down of the securities in any plan that may be adopted, assuming, of course, that we will have on the books the same sort of railroad reorganization legislation that is on the books today.

Mr. KEEFE. I understand the gentleman complains that if the Reed bill is passed the stockholders will be given absolute control of the management of the railroads.

Mr. WALTER. Of course. Who is it that controls the roads? It is the stockholder, it is not the bondholder, after all.

Mr. KEEFE. I understand the voting stock, of course, does the operating.

Mr. WALTER. That is right.

Mr. KEEFE. I understood the gentleman from Illinois to say that, these roads being subject at the present time to the jurisdiction of the court, that period of management is limited to a period of 18 months, I believe I heard him say, and that the district court still has some supervisory power. If that is true, I should like to have the gentleman say something about it, because I do not want to be misled in the matter of voting on this bill.

Mr. GEELAN. Mr. Chairman, will the gentleman yield for a question right along the same line?

Mr. WALTER. I yield to the gentleman from Connecticut.

Mr. GEELAN. Does not the plan also have to be approved by the Interstate Commerce Commission before going to the court?

Mr. WALTER. The plan is approved by the Interstate Commerce Commission, of course. The plans have all been approved by the Interstate Commerce Commission. Bear this in mind: Under this proposed procedure the Commission would have to take into consideration their earnings during the last 7 years, 1946, 1945, 1944, 1943, 1942, 1941 and 1940, years during which the earnings of the roads were way beyond anything anybody by the wildest stretch of the imagination could conceive for the next 7 years. Of course, they made some money, But they have not done as well as Mr. Reed would have you believe. For example, in the case of the New York, New Haven & Hartford Railroad, he talks about the $64,000,000 that they have in the till, as he puts it. But while they were accumulating this $64,000,000, they incurred an indebtedness of $1,200,000,000. So, Mr. Reed, you cannot very well argue that there would be $64,000,000 for the benefit of stockholders unless the new management should decide, if they got control, to declare a stock dividend and ignore the creditors. Conceivably, that could happen. Let me point out to you some things about this legislation that worry me. In the first place, all of us have received telegrams this morning signed by a member of a protective organization. I think they call it the National Conference of Investors. Those telegrams came from a man who in 1936 was found to have been engaged in some vicious lobbying by the Black committee. That man sent to every common stockholder a request for funds. That request contained a little pledge as follows:

> I enclose check for blank dollars as my subscription for defraying expenses connected with legislation which will protect my railroad stock in reorganization.

I do not know what these common stockholders who were solicited expect. But I think it is cruel to make people believe—the few little people who have stock, and they are not many—as I say, I think it is cruel to make them believe that at some time or other, somehow or other, the Congress is going to pump some breath into a dead horse. We must be realistic about this. We must recognize the fact that the capital structure of the railroads cannot be carried forever. Sooner or later somebody is going to have to be wiped out.

I want to say one thing more about the man who has been making these stockholders believe that at some time or other they will benefit through the enactment of this legislation. In the opinion of Judge Hinks, of Connecticut, in approving the New York, New Haven, and Hartford plan, he said concerning this group:

> The National Conference of Investors was an organization engaged in the business of forming and servicing protective committees for companies in reorganization. A reading of the record underlying the pending petition can leave little doubt that the dominant motive underlying the formation of this committee was the desire of the national conference and * * * its chairman, to obtain a gainful retainer, rather than any spontaneous desire on the part of stockholders generally to be represented by such a committee. The national conference paid a salary to * * * as its chairman, to his son-in-law as an office manager and furnished occasional secretarial work to his daughter.
>
> The work of the conference was confined, as he himself testified, to "all the secretarial, managerial, solicitation, and correspondence with authorizing and nonauthorizing stockholders."

That is the group who are urging the enactment of this legislation. I would like to say something further about the legislation that they are urging our favorable action on. In the Washington Post of May 8 there appeared this article:

> Railroad reorganizations have long been a happy hunting ground for financial adventurers, and for political maneuvers in Washington, but a bill now pending in Congress (the so-called Wheeler bill, S. 1253)—

That is the bill which this rule proposes to substitute for the bill that the House committee reported—

> comes close to setting a high-water mark in vicious finance since the days when the Goulds and the Fisks plundered the Erie. Unless some attention is paid to it, another financial scandal will be added to the checkered history of railroad finance.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. WALTER. Under date of July 12, 1946, there appeared this editorial in the Journal of Commerce:

> Congress is being asked to bail out the stockholders who took a flier in junior securities of railroads in receivership.

Now, let us not deceive ourselves. That is exactly what the enactment of the Wheeler bill would do. There is no question about that. It seems to me—and I say this will all seriousness at my command—that before we take action on a bill as far-reaching as will be the conference report, I think we ought to have a bill introduced containing all of these provisions so that we know what we are

acting on. Nothing can be gained by speedy action today. These roads are all under the jurisdiction of the courts. No money can be spent without a court order. Even the $64,000,000 that Judge Reed talks about cannot be expended without permission from the courts. So what is there to be gained? There is nothing to be saved, because in every one of these railroads the cost of administration under the receivers is less than was the cost of operation before the receivership. That is the truth. It being the truth, what can be gained by taking a chance on having the finger of suspicion pointed to Congress? I do not like these two editorials from which I just read.

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. THOM. The gentleman concedes that under the trustees these railroads made money in increasing amounts. Now the gentleman says that if they are returned to the original owners there is danger that loss would be sustained. Does the gentleman mean to imply that the owners of the railroads would be less efficient in the management of the railroads, and is it not a fact that business is on the uptrend now and the earnings that were made during the period of trusteeship would continue under private ownership?

Mr. WALTER. I will try to answer the gentleman's questions seriatim. In answer to the last question I noticed in the Wall Street Journal the other day where the Pennsylvania Railroad had paid dividends out of surplus. They did not earn their dividend the last quarter. If the Pennsylvania Railroad cannot earn its dividend, then what railroad can?

Mr. THOM. Will the gentleman yield there?

Mr. WALTER. No. You have asked me 95 questions and I only have a minute in which to answer them. I would like to answer the other questions which the gentleman has asked.

During the lush years, as I said during the debate on the rule, the railroads that will be affected by this legislation lost over $1,240,000,000. If the railroads lost that much money or lost any money during that period, how could they possibly make money during the period ahead of us?

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. WALTER. Yes; I yield.

Mr. THOM. In your report on the Pennsylvania Railroad you failed to take into consideration the fact that the country was plagued with strikes and that business was away down in the first 3 months of the year.

Mr. WALTER. I do not know as that materially affected the car loadings of the Pennsylvania Railroad.

There is just one thing more I want to say: The enactment of this bill will instanter turn over to Robert Young, who acquired the Van Sweringens' interest, 14,000 miles of railroad.

Let me call your attention to the part of the testimony that was adduced in the hearings on the bill in the Senate.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. WALTER. This is part of the testimony of the vice president of the Prudential Life Insurance Co., Mr. Stedman. He stated:

> Having in mind Mr. Young's well-publicized record, the bitter vindictiveness he displayed before this committee with respect to his defeat in the Pullman Co. case, and the inferential identification of himself with the former railroad magnates, whom he mentioned by name, Messrs. Hill, Harrison, Gould, Vanderbilt, Van Sweringen, et al., may it not be reasonably inferred that his aim and purpose are actually personal dominance of as many as possible of the American transportation systems? Alleghany Corp. owns a majority of the common stock of the Missouri Pacific; Missouri Pacific owns 50 percent of the common stock of the Denver & Rio Grande; 74 percent of the preferred and common stocks of Texas & Pacific; 93 percent of the common stock of New Orleans, Texas & Mexico, which in turn owns 100 percent control of International-Great Northern. If this bill passes, Mr. Young will at one stroke, without any effort on his part, extend his railroad empire to include an additional 14,000 miles of railroad. Furthermore, as introduced, this bill would leave control in Mr. Young indefinitely, pending the negotiations of a readjustment agreement with the creditors of those roads. In view of the attitude displayed by Mr. Young last Thursday before this committee, what chance would the creditors of any of those roads have in a proceeding in which all the cards were stacked in favor of Mr. Young and his Alleghany Corp.?

Mr. Chairman, I say that the only thing involved in this legislation is the control of the railroads; that is all. Do you want to leave the control where it is until the plans are worked out, plans made in accordance with provisions of the law that we enacted? Plans that have been approved by the Interstate Commerce Commission after hearings over a period of months and years? Plans that contemplate the interest of every kind of stockholder? Or do you want to wipe out at one fell swoop all of that work and turn the railroads back to the people who, in all probability, will find themselves unable to carry this terrific financial structure and we will again find the railroads in reorganization?

Mr. RABIN. Mr. Chairman, will the gentleman yield?

Mr. WALTER. Gladly.

Mr. RABIN. Once we return the railroads to the owners is there anything to prohibit those in control from declaring a dividend before the financial reorganization is effected?

Mr. WALTER. Of course not, and that is what happened with one of the railroads which was turned back. I forget the name of it, but the first thing that the directors did was to declare a dividend on the common stock, leaving the bonds in default. Now, that may happen with any one or all of these roads; I do not know; but conceivably it could happen.

Mr. RABIN. Actually, a dividend may be declared before creditors are protected.

Mr. WALTER. Of course, they may be.

Mr. GEELAN. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. GEELAN. And do the various plans of reorganization which have already been submitted to the courts, and in some instances approved if not in all instances, protect the bondholders for whom you are now speaking 100 percent, and the rights of savings banks and insurance companies which have money invested in these bonds?

Mr. WALTER. Of course not. Some of the bonds have been scaled down.

Mr. GEELAN. That is an answer to the question.

Mr. WALTER. None of the plans provide for payment in full, or at least to value of the bonds; and under some of the plans stock is issued to bondholders and creditors of every degree. They will become the owners of the railroads, not the insurance companies, as the gentleman from Connecticut, Mr. Rabin, has stated. That is not the fact. The ownership will go to those people who are creditors in any sense of the word of the railroad property.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Nebraska.

Mr. CURTIS. In reference to some of those roads it is highly important that they be operated as neutral in their dealings with other roads. Will that be promoted by this bill?

Mr. WALTER. I am sure that just the opposite will happen.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. REED of Illinois. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. TALBOT].

Mr. TALBOT. Mr. Chairman, I wish we had more time to talk over this bill and its consequences. I do not know how any member of this committee can thoroughly understand the bill in the few minutes that we have to discuss it. I doubt if the members of the Judiciary Committee understand it wholly.

In the few moments at my disposal I want to go over the background and the reasons for these reorganizations. In the twenties and in the thirties the railroad companies of this country lost money and continued to lose money. Why? Because new competition came in. The trucks started operating for the first time and we had cross-country competition against the railroads. It is also true that the railroads in the beginning were overcapitalized. We had to cut that overcapitalized structure out. We had to cut the cancer out and that is what we have been trying to do for the last 15 years under section 77 of the Bankruptcy Act.

The railroads are faced, and I say this in answer to the question raised by the gentleman from Ohio, with another kind of competition, that of the airplane,

which will come on us in the years to come.

Mr. Chairman, the New Haven Railroad, with which I am particularly acquainted, in the month of May of this year had a net deficit of $1,500,000, showing that the pendulum has begun to swing the other way.

What is this bill? Frankly, it is a crap-shooter's bill. That is the only term I can apply to it. Many statements have been made here today that this is a fight between Wall Street and Main Street. I say, yes, it is a fight between Wall Street and Main Street, but be sure you know which end of the tail Wall Street holds in this matter.

I have here a list of the 50 principal stockholders of the New Haven Railroad. I mention this to you because for some years in the position I held as treasurer of the State of Connecticut I was closely associated with the workings of the New Haven Railroad, then in bankruptcy, and was an ex-officio trustee of that railroad. I know the struggle that it has been going through since 1935. It will be 11 years next month that they have been going through section 77. They are now all but out of it except for the bill before us.

Who owns the stock of the New Haven Railroad? Eighty-five percent of it is owned by the Pennsylvania Railroad and a group of Wall Street, Chicago, and Boston brokerage houses. Those are the people who own it. Of the 50 largest stockholders 47 of them are brokerage houses. There is not a brokerage house in New York of any size that is not on this list with thousands and thousands of shares of New Haven Railroad stock, bought up, mind you, at 25 and 50 cents a share.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. TALBOT. I yield to the gentleman from Pennsylvania.

Mr. WALTER. What value has the Pennsylvania placed on the 209,000 plus shares of stock it has?

Mr. TALBOT. I do not know, but I imagine it has a book value of exactly nothing. If it were not for the Hell Gate route that allows us to go from Washington through to Boston without changing in New York, we would not have that set-up. It has no book value. None of this stock has a book value. What we wanted to see was something entirely different. The New Haven Railroad has gone through all this thing for 11 years. This is not a 1940 plan as the gentleman from Illinois [Mr. REED] would have you believe. This plan was approved by the Interstate Commerce Commission in 1945, last year. Judge Hincks of the United States district court approved this plan in August 1945, and again in April of 1946, this year.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. TALBOT. The plan has already been approved by the Interstate Commerce Commission. It has been approved by the United States district court, and the New Haven Railroad would not be affected by this bill today, except that on the day after the Reed bill was filed, the stockholders, or the stockholders' committee, took an appeal to the circuit court of appeals, and the case is now pending in that court.

I think that what the gentleman from Pennsylvania said is true, when he said that the railroads were being operated cheaper under the reorganization system, and again, in answer to the gentleman from Ohio, said that practically every official from the president down of these railroads has voluntarily allowed his salary to be cut in half, and again in half. In some cases the salaries have gone from $150,000 down to $30,000.

Mr. RAMEY. Mr. Chairman, will the gentleman yield?

Mr. TALBOT. I yield to the gentleman from Ohio.

Mr. RAMEY. I am not concerned with the courts here but I am concerned about what some Members of the House and some members of the Committee on the Judiciary have been troubled about. When the bill came over from the Senate known as the Wheeler bill, and after this bill was filed, they said there would be a meeting of the Committee on the Judiciary, and you could get in. When you asked about it they said it was in executive session. When you further asked about it, they said it was not held, and when you asked about the report they said there was none, but they had one 3 days before. Can the gentleman clear up the mystery of the confusion, caused, evidently, by the folks in charge of the bill? Can the gentleman help me out?

Mr. TALBOT. I could clear it up, but I do not think this is the place to do it.

Mr. RAMEY. Why should they send out a bill with mist on it?

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. TALBOT. I yield to the gentleman from Wisconsin.

Mr. KEEFE. I am interested in having the gentleman discuss the question as to what is the present value of this worthless stock that is now held by the brokers, in the event that this bill passes. Just how by that process of legerdemain, does that stock which is considered worthless by the Interstate Commerce Commission, and which, as the gentleman says, these brokers have brought up for 25 cents a share—just how, by the passage of this bill, does that stock achieve value? That is what I would like to have the gentleman explain.

Mr. TALBOT. The stock actually achieves no value and never can and never will, but the minute this bill is passed by both Houses and signed by the President, every brokerage house in this country will have an advertisement in the newspapers telling you of the enhancement or the possible or probable enhancement of this stock, and they will then unload on the American public millions and millions of shares of stock that they bought in at practically no value at all. They will unload at a price of $10 a share, $20 a share, $30 a share, or even some people believe $100 a share.

Mr. KEEFE. Of course, that is rather an unusual prophecy in view of the controls that are exercised today. I understand that these stocks have been taken off their listings on the boards; that they are no longer listed. Does the gentleman mean to tell me that in this enlightened age these brokers can go out willy-nilly and peddle worthless stock to the people of this country without being subjected to the controls of SEC or somebody else? I am seeking information on this subject.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. TALBOT. I yield to the gentleman from Pennsylvania.

Mr. WALTER. I would like to call the gentleman's attention to the fact that a Philadelphia newspaper is conducting a very strong drive now to educate the people in my State against buying of the kind of stock that the gentleman is talking about.

Mr. KEEFE. I still do not have an answer to my question as to how you would get value out of money that is not worth anything.

Mr. TALBOT. I might answer the gentleman this way, that I might say to my friends from the South that they might just as well put an amendment on this bill making Confederate money worth the value printed on its face. They have more right to do that, I say to them, because they certainly had 100 percent of its value taken away by some of us northerners up here. I think it would be more equitable to pay the outstanding currency of the Confederacy than to put life into this stock that is absolutely dead.

Mr. REED of Illinois. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, this bill is an involved bill. It first came before us as H. R. 5924, which is known as the Reed bill, and that bill was composed of 4 pages. That is the bill that went before the Committee on Rules, and it was upon that abbreviated bill, which I now hold in my hand, that the rule was granted. But the bill which is before the Committee this afternoon is a bill which consists of 32 pages. It contains the Reed bill, it contains the so-called Hobbs bill, and it contains portions at least of the so-called Kefauver or McLaughlin bill. And what have you?

I do not happen to be a member of the Subcommittee on Bankruptcy but I happen to be a member of the Committee on the Judiciary, and I know I was never satisfied about what this bill which is now before the Committee would do or what the repercussions would be if it were enacted into law.

Mr. RAMEY. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Ohio.

Mr. RAMEY. I wonder if the gentleman can make clear to some of us why we could not find out about it from the subcommittee of the Committee on the Judiciary and could not get reports and hearings, in line with what I asked the gentleman from Connecticut. Will the gentleman clear up why that confusion started the thing off?

Mr. SPRINGER. I can clarify it in part. I know the Subcommittee on

Bankruptcy held hearings, at least on the original Reed bill to which I have referred. Those hearings are entitled "Railroad Reorganization." They were rather extensive and rather voluminous. It was several days before I could get a copy of those hearings. I finally secured such copy late last week on the same day that the gentleman from Pennsylvania [Mr. WALTER] was able to secure a copy of the hearings, although he and I are both members of the Committee on the Judiciary.

Mr. REED of Illinois. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Illinois.

Mr. REED of Illinois. Did the gentleman from Indiana ask for any hearings from the committee prior to that time?

Mr. SPRINGER. I had not personally asked, but I had received information that members of the Committee on the Judiciary had asked for them and had been refused copies of the hearings.

Mr. REED of Illinois. Did the gentleman know the hearings were at each Member's desk when we voted on the various committee amendments?

Mr. SPRINGER. I had no hearings at my desk. The only copy I have had access to and the only copy I have studied is the one that I received late last week.

This bill, at least the portion of the bill which is now before the Committee, which is the so-called Reed bill, contains on the first page the provision that if the properties of any railroad corporation shall have produced annual earnings during the period of the seven preceding calendar years sufficient to pay its fixed charges, then it has the right to come within the provisions of this bill.

This bill, as I understand, will apply insofar as its provisions are concerned to either seven or eight railroads. Four of those railroads are now and have been for many years in the process of reorganization under section 77 of the Bankruptcy Act. Reference was made to the New Haven Railroad. That road has been under reorganization for approximately 11 years. They have spent tremendous sums of money. They have gone through all the processes of reorganization. Finally, as provided by law, they filed a petition with the Federal court in which it was first necessary that they obtain the consent of the majority—60 percent to be exact—for the petition to be filed and for this proceeding of reorganization to go forward. Sixty percent of the stockholders and the creditors joined in that petition. The petition was filed and they started the program of reorganization.

The CHAIRMAN. The time of the gentleman has expired.

Mr. REED of Illinois. Mr. Chairman, I yield 2 additional minutes to the gentleman.

Mr. SPRINGER. They started through the process of reorganization. The court submitted it to the Interstate Commerce Commission and the Interstate Commerce Commission approved it and submitted a plan for such reorganization. It came back to the court and the court made the necessary orders. Then, a stockholders' committee, as has been explained, took an appeal, and that appeal is now pending in the circuit court of appeals. I understand indirectly that the circuit court of appeals has not confirmed the reorganization plan, awaiting to see what Congress will do in these very bills now pending in the House. Then, if this measure is enacted into law, these roads which have gone through the process of reorganization will be brought back under the provisions of this bill and will have to start all over again, because this measure provides that if within 18 months, or such extended period as the judge may grant, they work out a plan of reorganization, then they have a right to go ahead and perfect it. If they do not, then they still are in the throes of bankruptcy. These roads want to get out and they want to have an opportunity to go forward and make some progress. They desire to operate their roads without any court supervision, and they desire to make progress in the future.

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 8 minutes to the gentleman from Illinois [Mr. GORSKI].

Mr. GORSKI. Mr. Chairman, in supporting H. R. 5924 and endorsing the able presentation of this bill by my colleagues, I want to bring out to the House some excerpts of the decision of the courts which have a bearing on this legislation.

In the recent decision of the Supreme Court in the Denver & Rio Grande Western case. This is a case appealed by the general mortgage bondholders—a creditor class. They were practically wiped out by the Interstate Commerce Commission plan. They voted against the plan. The district court under the provisions of section 77 confirmed the plan over their protest. The circuit court of appeals upheld their appeal, but the Supreme Court denied it.

In this opinion, denying their appeal, the Supreme Court actually noted that they might have some justice on their side, but the law was against them. The Court quoted extensively from report No. 1838, which reports this very bill to this House, setting forth a great many of the complaints of small investors about the results of section 77 reorganization. Then the Supreme Court said, and I quote:

> Although the results of reorganization under this section, as thus construed, have been criticized as unfortunate and changes have been suggested, no different legislation has been enacted. Indeed, a different method for reorganization, enacted in 1939 and designed to meet the requirements of railroads not in need of financial reorganization of the character provided by section 77 but only of an opportunity for voluntary adjustments with their creditors, terminated on July 31, 1940. This was the Chandler Act, and a comparable provision made in 1942 was allowed to lapse on November 1, 1945. This was the McLaughlin Act. This situation leaves clear the duty of the agencies of the Government entrusted with the handling of reorganizations under section 77, including this Court, to administer its provisions according to their best understanding of the purposes of Congress as expressed in the words of section 77 read in the light of the contemporaneous discussion in Congress. Changes in economic conditions cannot affect the powers of the reorganization agencies even though such changes may require a reexamination into the present fairness of the former exercise of these powers.

Mr. Chairman, there is hardly any more comment necessary. The Supreme Court has said it. They say, "We must construe the law in accordance with the ideas prevailing in 1935, unless and until Congress changes the law." The Court even admits that this may be unfair but that nothing can be done about it until Congress acts. We must, therefore realize that the decrees of the Interstate Commerce Commission have a deadly finality. Under existing law as construed by the Supreme Court there is no appeal from those decrees except to the Congress itself. And it has taken 3 years to get this appeal where it is today.

Now let us look at one or two other decisions. Justice Phillips of the Circuit Court of Appeals for the Tenth Circuit, in the same case of the Denver & Rio Grande Western, remarked:

> It is my conclusion that only through corrective legislation or a more liberal attitude of the Commission can junior security holders obtain relief.

But what does the Commission think? In the North Western case, the Commission said:

> We are deeply sympathetic with the attempt to find some method by which the present stockholders might be lawfully afforded a continuing interest in this property * * * (but) we reluctantly express the view that this is impossible, for the law as it stands is inexorably against such a course.

Judge Evans, of the Circuit Court of Appeals for the Seventh Circuit, in the Rock Island case, said:

> I had quite a little part in the St. Paul Railroad, and it was always shocking to think that there should be such an absolute denial of any right for any stockholder, notwithstanding that money was just rolling into the St. Paul and the North Western Railroad, but notwithstanding that, it was decided, "You are out." That don't set very well on your conscience. If you did wrong, it is about time you correct it.

Now all these judges and Commissioners knew something was wrong. Maybe their legal feelings were not jarred but their consciences were. And when the administrators of the law are compelled, by what they believe the law to be, to act against their consciences, it is time to change the law.

The Reed bill is intended to give relief to stockholders and junior bondholders, who would otherwise be wiped out and lose their investments. The bill provides that railroads who are in trusteeship under section 77 of the Bankruptcy Act, whose average earnings for a period of 7 years have been sufficient to pay their fixed charges shall have 18 months to complete a plan to adjust their financial structure without further proceedings under section 77 of the Bankruptcy Act.

The passage of this bill would enable the management of the railroads which can qualify, to adjust and settle between

the debtors of the railroad, whatever outstanding obligations there may be. The passage of this bill would not take away any right of the senior bondholders, but because of improved economic conditions would create a better market for railroad securities, would enable the railroads to reduce their fixed charges, by borrowing at lower rates of interest and would in many other ways bring about savings for the railroad, where the entire management is in the hands of experienced officials who have conducted its affairs for many years and who are best qualified to operate it.

Because of improved economic conditions and a large backlog of purchasing power, we can look forward to several years of prosperity. The railroads will do a large part of this business and will share in the prosperity. Their earnings should be maintained in the next 5 or 6 years at about the same level as the past few years. They should be able to operate more efficiently because of experienced help which they could not obtain during the war. The reduction in the cost of operation will result in savings which will inure to the benefit of the stockholders.

The need for relief here is thus clearly shown. But I want to emphasize the fact that unless this remedial legislation is finally passed at this session, it will be too late to save these investments.

To make sure of enactment at this session, we must pass this bill now.

Mr. SUMNERS of Texas. Mr. Chairman, may I inquire how the time stands?

The CHAIRMAN. The gentleman from Texas has 22 minutes remaining, the gentleman from Illinois, 21.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. GEELAN].

Mr. GEELAN. Mr. Chairman, I am vitally interested in this bill. I have been trying for some time to resolve my thinking so that I would know just exactly whether if I voted in favor of the bill I might be doing an injury to the railroads or if I voted against it might be doing an injury to the stockholders. I have heard many statements made on this floor which I have difficulty in understanding. Inasmuch as I happen to represent that particular district in Connecticut which is the home city of the New Haven Railroad and contains its general offices, and inasmuch as that road has been referred to here a number of times, the last by my colleague from another district in Connecticut, I, too, shall refer to this same road. I understood him to state that 85 percent of the stock of the road was in the control of Wall Street. In answer to that statement and using the same set of figures which he used in making the statement, I assume, the total outstanding preferred stock in round numbers amounts to 490,000 shares. Of that amount of outstanding preferred stock 160,000 shares are owned by these 50 Wall Street corporations referred to, leaving a balance of 329,000 shares of preferred stock not owned by Wall Street.

In the common stock the picture is that there are 586,000 shares owned by these 50 corporations or Wall Street brokers out of a total issuance of 1,571,000 shares, leaving 984,000 shares obviously in the hands of small investors.

It has also been stated on this floor that the promotion activities on the part of certain investment companies behind this bill was the main pressure for the passage of this bill. That I can state from my mail is not the case. Thousands of small investors, people of small income who have been dependent for years past upon the return from the proceeds of the stock in the New Haven and other roads live in my district and they are not necessarily represented. They do not write me that they are represented by any protective company.

I think that the bill is fair and I cannot for the life of me see the argument against its adoption. When a company or a railroad has been in receivership for 10 or 11 years I cannot see how an additional delay of 18 months would harm them. It seems that whatever plan is perfected has to be submitted ultimately to a judge and to the Interstate Commerce Commission for approval. What harm can result if there is a delay? The stock value is based upon the formula set up in this bill, and in the case of those roads which have earned their fixed charges during the past 7 years, why should not the stockholders in those companies have it even though at the same time it should happen that some brokerage houses in Wall Street owned some of this stock might be potential gainers in any plan of reorganization which may be submitted now? What harm is there to that? How can you prevent it? The fact is that more than two-thirds of the stock of this particular road is still owned and controlled not by Wall Street but by small individual stockholders. I submit that the Reed bill is fair. I do not like the parliamentary situation that we find ourselves in. I would like to have the full bill before us as a result of complete hearings on the part of the committee, together with a report so that we could review it. However, I am in favor of the Reed bill. You cannot have the Reed bill by voting down the motion to make the Wheeler bill in order. I think we should give that consideration in view of the past earnings during the last several years of these roads when most reorganization plans have been approved on the basis of adverse operating experience in the depression period. I think this is a fair and equitable bill, and I shall support it.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. REED of Illinois. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Chairman, fundamentally I am opposed to the Government being in business and I am also opposed to the idea that the purpose and function of courts is to take charge of any business and run it. It is about the most expensive method of operating a business that I know of.

I presided over a court of equity, the chancery court, in Tennessee, with jurisdiction over 11 counties for 5 years. That court in Tennessee is the court that appoints receivers. In all my practice of the law and in all my experience as a court I have never seen but two profitable receivership operations. It is the most costly operation of a property in the world.

As proof of the pudding I have here a list of 13 railroads that have been in the hands of trustees under the Bankruptcy Act as it now is and during the period of their operation by these trustees in their present status they have taken in about $21,000,000. Here is what has become of that money, according to the records furnished by the Interstate Commerce Commission:

To creditors and representatives, 40 percent of the $21,000,000.

To bankruptcy trustees and their counsel, 35 percent.

To reorganization managers, 18 percent.

To debtor corporation for their expenses, 5 percent.

To stockholders and their representatives, 2 percent.

The small sum the stockholders got reminds me of the story of the damage-suit lawyer. He would take personal injury cases, generally on the basis of the Dutchman's 10 percent, which was half. On one occasion he represented a fellow who had lost his leg on a railroad. The lawyer finally wrangled $500 out of the railroad company. He gave his client only $5. The fellow took the money and went home to his wife. In a few days he and his wife came back to the lawyer and he said, "Jim, my wife and I do not think we got enough out of this case. We only got $5. My leg is gone. Can you not do a little better by me?" Jim said, "Well, now, how would $2.50 more strike you?" The fellow says, "That is all right." Then his wife spoke up and said, "Bill, I told you Jim would treat you right."

The truth about the matter is there is just one way to handle this thing and that is to end this operation of railroads through the courts. Take these railroads that have earned enough money each year for the past 7 years to meet all of their current obligations as they mature and give those who are interested in them a chance to work out a reorganization plan. When a corporation meets its obligations in the due course of business, as they mature, it is considered to be a solvent, going concern.

Pray, when will we stop this trusteeship business? Just listen to this. I can understand why there are people who do not want this operation by these trustees to end.

Just listen to this. I am reading from a statement furnished by the Interstate Commerce Commission. Chicago & North Western Railway bankruptcy, trustees' compensation, $262,125.

Chicago, Milwaukee & St. Paul, $306,300 compensation to the trustees.

C. M. & S. St. M. Railway Co., $666,000 to the trustees and $180,000 to their counsel, and then when we get to the indenture trustees they get $192,050; other expenses, $113,517. Counsel fees for the debtor corporation $80,000. Other expenses $14,025. Counsel fees, creditor

groups, $337,550. Other expenses $103,145. Counsel fees, $10,000. Other expenses $860,656.

Now, that is a bonanza for the counsel and the trustees.

Miss SUMNER of Illinois. What about the OPA?

Mr. JENNINGS. Well, the OPA might come in yet under that picture, I think. But really, I think these trustees and attorneys have a monopoly on it.

Let us pass this bill and turn these properties over to their owners and stop these excessive fees.

Mr. REED of Illinois. Mr. Chairman, I yield 7 minutes to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, it has been said that this is a bill that vitally affects all the banks and savings banks and trust companies and insurance companies of America. If that is true I should think that it would excite a little interest on the part of Members of Congress so that we would have a little more than a mere corporal's guard out here to hear the debates on this bill that is described as being of such vital importance.

I have had the privilege of sitting here during the period of the debate on this bill and I am going to vote for it because I think the arguments that have been adduced in its favor have not been answered by any of those who oppose it. It seems to me that the situation is very simple.

In the reorganization plans under which these railroads are in bankruptcy under section 77 of the Bankruptcy Act, the Interstate Commerce Commission submits a plan to the district courts for reorganization and scaling of indebtedness. The statement has been made, and I think it has escaped the attention of a great many Members of Congress, that under the law as it now exists a finding of valuation made by the Interstate Commerce Commission—back in 1939 and 1940—if there is any evidence at all to support it, becomes final and is binding on the court. None of the creditors or stockholders of any kind or character in the reorganization proceedings in the district court can successfully challenge the findings of the Interstate Commerce Commission in the matter of values.

As a result we have this situation, as I understand it. A railroad is embarrassed. It is compelled to seek relief under the provisions of section 77 of the Bankruptcy Act. It comes before the district court and asks for relief. What happens? The district court appoints trustees and refers the matter to the Interstate Commerce Commission for a plan of reorganization. The Interstate Commerce Commission decides that the assets of that railroad company—and I am thinking of one—are worth $450,000,000. They send that back to the court and the court in effect is told, "Now, you scale down the indebtedness and capital structure of this company so as to bring it down to $450,000,000. The new securities to be issued shall not exceed $450,000,000."

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Ohio.

Mr. THOM. Does not the gentleman mean to say the capital is scaled down, instead of the indebtedness?

Mr. KEEFE. The gentleman is essentially correct. Usually the capital structure consists of first mortgage bonds, junior mortgage bonds, debentures of various classes, preferred stock and common stock; all told this represents the capital structure. In addition there is the unsecured indebtedness of the company. In bankruptcy the latter may be classified as to priority.

So what happens is this: Here is this company with so many outstanding first mortgage bonds, so many second mortgage bonds, so many debenture bonds, so much preferred stock, and so much common stock, and so much of unsecured creditors, as against a valuation of $450,000,000 set by the Interstate Commerce Commission. This value is binding and conclusive upon the court.

What happens? The court adopts or at least suggests a plan—perhaps all of the capital structure and unsecured debts total $650,000,000. Clearly then, if new securities are to be issued under the plan the total cannot exceed the $450,000,000 value set by the Commission. This means scaling the capital structure and perhaps the unsecured debt. The secured bondholders come first and then the unsecured creditors in order of priority. Thus the common stockholders and in many cases the junior bondholders and unsecured creditors are wiped out. The plans usually take care of the voting arrangements by issuing no-par common stock. Thus the bondholders come into possession of the property and its operation. This legislation simply proposes that in those cases where the company has met its fixed charges for 7 years, the court shall turn the company back to its stockholders and give them 18 months in which to work out a plan with the creditors and bondholders. If this is done and operating income permits perhaps something can be saved for the stockholders. If such a plan is worked out it must be approved by the court and the Commission. If no plan can be worked out it must go back under section 77 for further proceedings. It is at this point that the Hobbs amendment comes into play and gives a little further opportunity for the little fellow to save something.

As the situation stands now, the stockholders are out. They were kicked out in the Milwaukee Road case, they were kicked out in the Chicago & North Western case, they will be kicked out in all these cases. The ones that are going to get the ax in every one of these proceedings are the little stockholders, the men and women out in my country that for 60 years invested their money in these railroad stocks that were considered to be gilt-edge securities.

As far as I am concerned, I have no fears whatsoever that the bonds that the banks have in their portfolios will be adversely affected in any way, shape, or manner by the Reed bill. Such bonds might possibly be worth more money than they are today after the reorganization is complete, but any accretion that will come to those bonds will come as a result of cutting off any interest that these stockholders may have in their own property.

I think this bill is an equitable bill.

Mr. REED of Illinois. Mr. Chairman, I yield the balance of the time to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, this bill primarily affects seven important railroads. None of them penetrate my district. Our railroads have always been honestly and efficiently managed and prosperous. None of them have gone into bankruptcy. Therefore, I think I can look at this matter in a very fair and impersonal way. There is no provision in this bill that will hurt the bondholders in any way. It matters not what may happen under this bill—it cannot hurt the bondholders. I am trying to find some relief for those who put up the money and created the property and made it possible for these men who had money to invest their money in the securities of these railroads.

Seven railroads are very similarly situated as the New York, New Haven & Hartford Railroad, and since the New York, New Haven & Hartford has been discussed most I shall discuss that railroad. Incidentally, it grieves me very much to oppose the amendment that will be offered by our good friend, the gentleman from Connecticut [Mr. TALBOT]. The New York, New Haven & Hartford for 7 years has been paying every dime of operating costs and charges, taxes and interest to the bondholders. It has met and paid each and every bond that matured for the last 7 years. To whom does that property belong? To the men and women, yes; railroad workers, who bought the stock at par. The Interstate Commerce Commission declared at that time that the loan of that money to the railroad company was necessary and that the investment was a valid investment and the stock worth par. After they invested their money and created a property, now come the money lenders and take a first mortgage on all of that property.

The Interstate Commerce Commission and some other folks propose to fix the value of the property as of 1939 and 1940, when the Commission fixed its value, and they say that there is nothing left now for the junior stockholders, the preferred stockholders, the common stockholders, and the common creditors. The value was fixed as of 1939 and 1940—at $75,000,000, when it turns out it was of much greater value. The first-mortgage bonds amount to approximately $62,000,000. For the last 7 years this railroad has paid all fixed charges, operating expenses, excess-profits taxes, retired bonds as they matured, paid interest charges, and now has a surplus of $64,000,000—more than enough to pay off in full all of these first-mortgage bonds. Yet these bondholders insist

that the junior securities, preferred stockholders, common stockholders have no interest in their railroad—and they must be cleaned out without a dollar on a valuation made by the Commission in 1939 and 1940, which valuation cannot be reviewed by the courts in the present law. Unless this is passed, the first-mortgage bondholders will be able to gobble up this railroad for less than the surplus now in the railroad company's treasury.

When they do take over, what do they get according to this record?—$64,000,000 of surplus in the treasury and all the physical property of this great railroad. What for, if this bill does not pass? To help these professed creditors, who put nothing in. They have been putting nothing in, but they have been taking out all these years, standing back and clipping coupons with absolute safety, while these other folks have been receiving nothing, and they will be destroyed if this bill is not passed.

I would not want to take away any right of a preferred bondholder. That is a contract. I believe in carrying out contracts, but I am opposed to cutting down with one fell swoop the people who furnished the money that helped to make possible the construction and operation of that great property, the New Haven Railroad.

What does this bill do? And it does that and no more. You cannot touch any reorganization program unless for seven consecutive years the road has earned on an average sufficient money to cover all of the charges against the railroad, discharge the bonds when matured, paid the interest, taxes, and costs as the New Haven and the other seven railroads have been doing for seven long years. Yet, the New Haven has $64,000,000 in the till. They have been paying dividends and excess-profit taxes. Now, you tell me that the junior bondholders and the preferred stockholders and the common stockholders and the common creditors have no equity in the property that they have created and helped to maintain. It is not right. Therefore this bill is before us to correct that injustice to junior bondholders, preferred and common stockholders of these railroads. If you do not pass this bill this property will be taken over by the preferred bondholders who have enjoyed the profits and benefits for the last 7 years—the people who live on Wall Street.

I agree with the statements of my friend from Connecticut, who lives in the city of the headquarters of this great railroad system. He knows something about it. He knows that engineers, conductors, firemen, and, if you please, section men, bought stock. They will be wiped out, as well as hundreds of thousands of other stockholders in this and the seven other railroads all over the country in receiverships.

What harm can come to the preferred bondholder? I am anxious that the equities of those who toil, those who put their savings into the junior securities, preferred stock and common stock, shall be protected. There are many thousands of these. I am interested in them. This law will give them at least a rain check. And it does something else—the courts will have something to say about whether the Interstate Commerce Commission back in 1939 and 1940 made a finding that must control in 1946, when we know that values have gone up. We want to give the folks who put up the money a chance. Let us get the railroads out of the hands of the preferred bondholders and restore these railroads to the owners and give them a chance to get a piece of the pie. They had nothing for 11 or 12 years. Of course these first-mortgage bondholders will get theirs. Get these railroads out of the hands of expensive receiverships.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. ROBSION] has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield the remainder of the time on this side to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. I would appreciate very deeply, Mr. Chairman, the attention of the Members present to some documentary proof in answer to some of the charges that have been made. I think my dear friend, one of the most valuable members of our committee, the gentleman from Indiana [Mr. SPRINGER] is slightly mistaken between the copy of the hearing and the copy of the committee print. I believe he meant to say he was unable to get until recently a copy of the committee print, which sets out the nine amendments to the Reed bill approved by the full Judiciary Committee; and it is true that that was available only from the day the committee approved those nine amendments or 2 or 3 days later, when the prints came out.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I shall be delighted to yield.

Mr. SPRINGER. When I made my request I asked for a copy of the bill and also the hearings, and finally obtained them, but I understood they had not been available before that time.

Mr. HOBBS. They were available since December 1945, and they were mailed to every member of the committee. Whether or not they were delivered to the member or were held in his office by some of his secretaries we do not know, but the hearings were concluded in December 1945, and the hearings were printed and distributed at least quite widely at that time.

Let me now give you a little information as to the history of this reorganization. It was a sincere attempt on the part of the Subcommittee on Bankruptcy and Reorganization in the rewrite to complete revision of the Bankruptcy Act, the only one ever attempted in the history of that act, under the leadership of that distinguished gentleman and scholar, Walter Chandler, who became chairman of that subcommittee some 12 years ago. We rewrote the whole Bankruptcy Act with the aid of 12 of the best brains in bankruptcy who sat here at their own expense and worked with us and for us for 2½ years. One of the chapters in that bill was the railroad-reorganization chapter; another was corporate reorganization; another was what was called a poor man's bankruptcy composition; and so on. It was found in 1935 that we were on the toboggan and that the depression was not over as we had hoped it would be.

The Interstate Commerce Commission came before us and asked us to amend the chapter on railroad reorganization. We did so and we worked for nearly a year over it with the experts who volunteered again; and the Interstate Commerce Commission by its counsel who was the Honorable Leslie Cravens, at that time one of the outstanding lawyers in this field, told us that what we feared might be the result of the amendments they proposed could not possibly happen, that no court would hold that that abolished judicial review; and yet in the cross-examination of the witnesses from the Interstate Commerce Commission when we found out after the two decisions in the Western Pacific and the Milwaukee cases, that that which they had assured us could not happen had happened and that they had held in those two suits that the creature, the Interstate Commerce Commission, the creature of Congress, was superior to its creator and superior to the courts, even to the Supreme Court of the United States.

So we had to do something about that situation. We reported unanimously the so-called Hobbs bill which passed the House with only one dissenting vote. It has been in the Senate ever since and nothing has happened, as is true of several other bills. But that was unanimously reported and we came then to the question of the treatment of those railroads that were not insolvent and under an amendment which was sponsored by the then chairman of bankruptcy subcommittee, the Honorable Charles McLaughlin, another great man, a great expert in this field as was his predecessor, the Honorable Walter Chandler, who had gone back to his knitting in Tennessee to become mayor of Memphis, which he still is and has only recently given notice of his retirement, we amended it so as to give those roads that were not insolvent a chance to escape the prodigious cost of bankruptcy and reorganization in that line.

We gave them the voluntary composition of their debts, under which maturities were postponed and interest rates reduced, but without missing a single run of either freight or passenger train. The B. & O. reorganized under that bill and it was the law for several years until the Kefauver bill which this House passed to extend and make permanent the McLaughlin Act failed to pass the Senate after it had been passed here, until under its terms the McLaughlin Act ceased to be. Then we came to the proposition of what we should do. The Hobbs bill was stymied, the McLaughlin bill was dead, and the Kefauver bill was stymied. So the Reed bill was drawn up by another distinguished member of our committee who has been with us all the time, the gentleman from Illinois [Mr. REED], who proposed this bill which was also unanimously approved after full hearings by the Judiciary Committee. That was to take the best of the roads that were in reor-

ganization, that had made all of their fixed charges for 7 years, and give them a chance in a situation similar to that created by the McLaughlin Act. That is all it does, sit around the table with your creditors and make up a new plan of reorganization that will not wipe out $2,000,000,000 of invested capital by the little people of this country if the financial conditions changed for the better and warranted such treatment. That is all it does.

In the meantime there was conducted a thorough investigation of this business of railroad reorganization over in the Senate, and eventually the Wheeler bill, S. 1253, I believe it is, came forward. It was not reported until April. It was not acted on until June. So we did not even know what the bill would provide, nor what amendments would be necessary to the House bill then pending. Then, and then only, did we begin to study it, because we had not seen it before, and we found that it was in our judgment necessary to amend the Reed bill by nine amendments. We proposed it to the committee. We had a committee print made which, of course, was confidential until the committee adopted those amendments and authorized us to print them, and since that good day they have been available to everybody, and we are proud of them, and they, in substance, amend the Reed bill by adding the Hobbs bill and the Kefauver bill, which was the extension of the McLaughlin bill. So they, with the Reed bill, according to the rule adopted and given us by the Committee on Rules, will enable us to substitute these bills for the Wheeler bill and work out of the four the best bill possible.

I want to say just a word or two about the New Haven. I hold in my hand copies, year by year, certified by the Interstate Commerce Commission, of the reports as to the New Haven stockholders, and they show year by year how they run.

There has never been a stockholding in the New Haven averaging more than $97 per stockholder, speaking of the common stock, and $61.32 average for the preferred stock. The gentleman from Connecticut [Mr. GEELAN] has very kindly given us a synopsis of the situation with regard to the New Haven. When in 1940 the plan for the reorganization of the New Haven was approved as I told the committee this morning, they found that the common stock, which was held by more than 21,000 stockholders, above the 50 that Mr. WALTER read a few from, was completely wiped out, and so were all of the preferred stockholders. At that time there was only $4,000,000 to the credit of those 21,000 stockholders in the financial structure of that road. They said it was worthless; that it could not possibly come back, and the gentleman from Connecticut [Mr. TALBOT] told us it has had no chance to produce anything in the way of a profit since, nor will it in the future, he said this afternoon, and yet since they said it was worthless and did not have a chance to earn anything more than the fixed charges, it has made a net over-all profit of $60,000,000. So instead of having $4,000,000 they have got now $64,000,000 in the till. What would become of it if you kill our efforts to give a chance to those whose stock interests earned that money which is in the till now? Of course, it would go to the only ones left, which are the bondholders, 47 of them, I believe.

Mr. KEAN. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I gladly yield to the gentleman from New Jersey.

Mr. KEAN. If there is so much equity in the stock that has been mentioned by the gentleman and others, why is it that the New Haven bonds are selling on the Stock Exchange so far below par? I see here that the New Haven first mortgage 3½'s are selling at $54, first mortgage 6's selling at $63, and New Haven 4's $57, selling at $39?

Mr. HOBBS. I do not know, sir. I am just a country boy from Alabama.

Mr. KEEFE. The reason is that there is no equity in the common stock.

Mr. HOBBS. I know very little about stock equities. All I know is that whether there is any advantage to be gained by the bondholders, that millions of "when issued" stock is being bought by those same bondholders every day! I know that millions of "when issued" stocks are being bought by those same bondholders today, and I know they are paying nothing for it.

Mr. KEAN. Of course the people who are trading in this "when issued" stock are the chief opponents of this bill.

Mr. HOBBS. Yes, sir. You are exactly right in that statement.

Mr. KEAN. They have a gamble in this thing, and if the bill is passed all their profits are wiped out.

Mr. HOBBS. I appreciate the gentleman's contribution, and I challenge him to show me a single proponent of this bill or a single person that favors this bill who has been allowed to buy a single share of "when issued" stock.

Mr. KEAN. I do not mean people here, of course.

Mr. HOBBS. I am talking about people anywhere.

Mr. KEAN. Yes.

Mr. HOBBS. You could not get into that circle with a crowbar or a jimmy. That is a real closed shop. It is only the favored few, who can get on this "gravy train" and buy this "when issued" stock. They do not want their ride interrupted and so are fighting this bill.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am delighted to yield to the gentleman from Tennessee.

Mr. JENNINGS. Is it not an indisputable fact that the bondholders whose bonds are secured by first mortgages on these properties cannot be hurt by this bill, but that on the other hand this is the only method suggested by which the common stockholders and the junior creditors can get anything?

Mr. HOBBS. Yes, sir. If they get anything the preferred stockholders and the bondholders will, too. We want to protect railroad credit from top to bottom, from the first mortgage bondholder on down. We are fighting for fairness to all. None can be safe, nor sure, unless all are treated fairly.

The CHAIRMAN. The time of the gentleman from Alabama has expired. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That if the properties of any railroad corporation, debtor in a proceeding pending under section 77 of the Bankruptcy Act, as amended, shall have produced average annual earnings during the period of the preceding seven calendar years sufficient to pay the fixed charges of the said debtor in the said years, and the judge shall so find, the judge upon application therefor by the debtor or by any other party in the proceedings shall enter an order directing the return of the possession of the said properties and the management and operation thereof to the debtor upon the following condition:

1. That the debtor shall proceed immediately to effect such readjustment of its financial structure as in the light of the present prospective earnings and of other relative facts and circumstances may be consistent with sound financial practice;

2. That if within a period of 18 months, or such extended periods as the judge upon application therefor may approve, following the entry of such order, (a) the several classes of security holders shall provide a plan for readjustment of such financial structure, and (b) such readjustment provides for such reduction in fixed charges as may be consistent with sound financial practice, and (c) the Interstate Commerce Commission shall authorize the issuance of such new securities as may be required by such readjustment, and (d) the judge shall so find, the judge upon application therefor by the debtor or by any other party in the proceedings, shall enter an order dismissing the proceedings under section 77 of the Bankruptcy Act, as amended, and providing for or requiring, the transfer by the trustees or any other party or parties in possession of the properties of the debtor pursuant to order of the court of all their right, title, and interest in and to the properties to the debtor, and the Interstate Commerce Commission, shall dismiss the proceedings before that Commission for the reorganization of the debtor under section 77 of the Bankruptcy Act, as amended.

3. That if upon termination of the said period of 18 months or such extended period as the judge may approve, an order shall not have been entered by the judge as provided in the foregoing subdivision 2, the judge shall enter an order providing for the return of possession of the properties to the trustees or to such successor trustees as may be appointed pursuant to the provisions of section 77 of the Bankruptcy Act, as amended, or to any other party or parties previously in possession of the properties of the debtor pursuant to order of the court, and directing that the proceedings under section 77 of the Bankruptcy Act, as amended, shall be resumed and brought to a conclusion, subject to the provisions and requirements of said section.

Mr. SUMNERS of Texas. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FORAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5924) to enable debtor railroad corporations, whose properties during a

period of 7 years have provided sufficient earnings to pay fixed charges, to effect a readjustment of their financial structure without further proceedings under section 77 of the Bankruptcy Act, as amended, had come to no resolution thereon.

TITLE TO LANDS BENEATH TIDAL AND NAVIGABLE WATERS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the joint resolution (H. J. Res. 225) to quiet the titles of the respective States, and others, to lands beneath tidewaters and lands beneath navigable waters within the boundaries of such States and to prevent further clouding of such titles, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 3, after line 21, insert:

"The United States excepts from this disclaimer and retains all right, title, and interest claimed and asserted by Presidential Proclamation No. 2667 of September 28, 1945, or otherwise to the subsoil and sea bed of or the resources in the Continental Shelf lying oceanward from the area described in the first clause (1) of the preceding paragraph."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. HOBBS. Mr. Speaker, I have an amendment which I intend to offer to the Senate amendment.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. SUMNERS]?

Mr. MICHENER. Mr. Speaker, reserving the right to object, I understood from the chairman that the Committee on the Judiciary was unanimously in favor of the Senate amendment. If we are going to take up other amendments, then I believe it had better be done in the regular way. If other amendments are going to be offered to the Senate amendment, I do not think it ought to be brought up at this time.

The SPEAKER. Does the gentleman from Alabama intend to insist on offering an amendment to the Senate amendment if unanimous consent is granted for the consideration of the Senate amendment?

Mr. HOBBS. Mr. Speaker, I have no intention of inconveniencing the House or anything of that kind, but I feel very deeply that this amendment to the Senate amendment should be offered in order to protect the interests of our Government.

The SPEAKER. If amendments other than the Senate amendment are to be considered, the Chair would prefer that the gentleman withdraw his request at this time.

Mr. SUMNERS of Texas. Mr. Speaker, I withdraw my request.

CIVIL SERVICE RETIREMENT ACT

Mr. JACKSON. Mr. Speaker, I call up the conference report on the bill (H. R. 4718) to amend the Civil Service Retirement Act of May 29, 1930, as amended, and ask unanimous consent that the reading of the report be dispensed with.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4718) to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide annuities for certain officers and employees who have rendered at least twenty-five years of service, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That section 1 of the Civil Service Retirement Act of May 29, 1930, as amended, is amended by adding at the end thereof the following new subsection:

"'(e) Any officer or employee to whom this Act applies who, after having attained the age of fifty-five and after having rendered at least twenty-five years of service computed as prescribed in section 5 of this Act,

"'(1) shall have been involuntarily separated from the service not by removal for cause on charges of misconduct or delinquency between July 1, 1945, and June 30, 1947, both dates inclusive; or

"'(2) shall have been voluntarily separated from the service between such dates if such officer or employee had accepted a position with a lower rate of basic salary, pay, or compensation after having been involuntarily separated (not by removal for cause on charges of misconduct or delinquency) between such dates from a position with a higher rate of basic salary, pay, or compensation, and was receiving less than such higher rate at the time of his voluntary separation, shall be paid an immediate life annuity beginning on the first day of the month following the date of final separation from the service. Such annuity shall have a value equal to an annuity computed as provided in section 4 of this Act reduced by one-sixth of 1 per centum for each full month any such officer or employee is (A) under the age of sixty years if he has rendered at least thirty years of service computed as prescribed in section 5 of this Act, or (B) under the age of sixty-two years if he has rendered less than thirty years of service computed as prescribed in section 5 of this Act.'"

And the Senate agree to the same.

HENRY M. JACKSON,
CARTER MANASCO,
LEO RAYFIEL,
EDWARD H. REES,
JOHN W. BYRNES,
Managers on the Part of the House.

SHERIDAN DOWNEY,
WALTER F. GEORGE,
HARRY F. BYRD,
WILLIAM LANGER,
THOS. C. HART,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4718) to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide annuities for certain officers and employees who have rendered at least 25 years of service, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment strikes out all of the House bill after the enacting clause. The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate, with an amendment which is a substitute for both the House bill and the Senate amendment, and that the Senate agree to the same.

The House bill added a new subsection to section 1 of the Civil Service Retirement Act of May 29, 1930. The Senate amendment adds a new proviso to section 7 (a) of such act. An employee retiring under section 1 of such act may elect to receive, in lieu of the full annuity to which he is entitled, a reduced annuity and an annuity after his death payable to his beneficiary. Employees retiring under section 7 (a) of such act have no such right of election. The conference substitute is the same as the House bill.

The Senate amendment provides that an officer or employee must have attained the age of 55 and have completed at least 25 years of service prior to involuntary separation from the service in order to be eligible for the retirement benefits of the proposed legislation. The House bill had no such age requirement; but extended the benefits of the bill to officers and employees who are voluntarily separated from the service if they have accepted positions with lower rates of basic compensation after having been involuntarily separated from positions with higher rates of basic compensation and were receiving less than such higher rates at the time of their voluntary separation. The conference substitute adopts the provisions of the Senate amendment with respect to the age requirement, but retains the language of the House bill with respect to voluntary separations.

The benefits of the House bill were limited to officers and employees separated from the service between August 14, 1945, and August 14, 1947, while the Senate amendment included officers and employees separated from the service between July 1, 1945, and June 30, 1947, both dates inclusive. The conference substitute adopts the Senate provision.

The House bill provided that annuity shall be paid beginning on the 1st day of the month following the date of separation from the service or the 1st day of the month following the date of enactment of the proposed legislation, whichever date is the later. The Senate amendment prescribes that the annuity shall, in every case, be paid beginning on the 1st day of the month following the date of separation from the service. The conference substitute follows the Senate amendment.

HENRY M. JACKSON,
CARTER MANASCO,
LEO RAYFIEL,
EDWARD H. REES,
JOHN W. BYRNES,
Managers on the Part of the House.

Mr. JACKSON. Mr. Speaker, this report simply modifies the bill as it passed the House. The House version provided for no age minimum on retirement. The Senate had a retirement age of 55. The Senate insisted on that and the House yielded. The report is unanimous. There are no requests for time and, therefore, Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

TRAINING OF OFFICERS IN THE NAVAL SERVICE

Mr. DREWRY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2304) providing for the training of officers in the naval service, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. COLE of New York. Mr. Speaker, I reserve the right to object.

Mr. DREWRY. Mr. Speaker, there is no objection to this bill except that there is an agreement by the members of the Committee that the gentleman from New York [Mr. COLE] be allowed to offer an amendment to section 16.

Mr. COLE of New York. Mr. Speaker, my purpose in reserving the right to object was to point out that the Senate bill being called up is identical to the bill which was reported by the Committee on Naval Affairs of the House except in some minor instances. The bill as reported by the House committee contains a section which was controversial. With the understanding that that section will be omitted from the Senate bill, there will be no objection to the consideration of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. DREWRY]?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That a naval and Marine Corps officer candidate training program, supplementary to existing programs, is hereby established, which shall be administered by the Secretary of the Navy in accordance with the provisions of this act and with such regulations as the President may prescribe.

SEC. 2. No individual shall be enrolled in the training program which this act establishes unless (a) he be a male citizen of the United States; (b) with the consent of his parent or legal guardian in the case of a minor, he shall have entered into a contractual agreement with the Secretary of the Navy, acting for and on behalf of the United States, in which said individual obligates himself to the United States for such periods as may be necessary to effectuate the purposes of this act; and (c) he signs an agreement to accept a commission in the Navy or Marine Corps if offered and, having accepted such commission, he will, in the event of termination thereof, accept such commission in the organized Naval or Marine Corps Reserve that may be offered him and thereafter will not resign from the Reserve prior to the sixth anniversary of the date of rank stated in his original commission in the Regular Navy or Marine Corps. The Secretary of the Navy may release any individual from such obligation and separate the individual from the training program at any time that, in the opinion of the Secretary of the Navy, the best interest of the naval service requires such action.

SEC. 3. The Secretary of the Navy is authorized to enroll in the training program—

(a) any person (1) who, on May 1, 1946, was a member of the Naval Reserve Officers' Training Corps or (2) who subsequent to such date may be admitted to such corps and who will not be more than 25 years of age on July 1 of the calendar year in which eligible for appointment to commissioned ranks pursuant to subsection 6 (a). Upon enrollment such persons shall be appointed midshipmen in the Naval Reserve.

(b) as a naval aviation officer candidate (1) any high-school graduate or person of equivalent educational level, or any person who has completed satisfactorily less than two scholastic years' work in an accredited college or university, and who will not be more than 21 years and 6 months of age on July 1 of the calendar year of his appointment as midshipman as hereinafter prescribed; each such candidate shall be enlisted as an apprentice seaman, United States Naval Reserve, and shall, following enrollment, be required to attend such accredited college or university as may be authorized by the Secretary of the Navy as a regular student until he shall have satisfactorily completed not less than two scholastic years of work and in addition shall be required to participate in such military or civil aviation training activities as may be prescribed by the Secretary of the Navy; following the satisfactory completion of such scholastic work and aviation-training activities, such candidates shall be appointed midshipmen in the Navy and ordered to duty for flight training; (2) any member of the Naval Reserve Officers' Training Corps who has satisfactorily completed two scholastic years' training in such corps and any other person who shall have satisfactorily completed not less than two scholastic years' work in an accredited college or university, and any enlisted man of the Navy or Marine Corps who shall demonstrate by a test the attainment of an educational level equivalent to that of two scholastic years of work in an accredited college or university; such candidates shall be not more than 21 years and 6 months of age on July 1 of the calendar year of enrollment as an aviation officer candidate and, upon enrollment, shall be appointed midshipmen in the Navy and ordered to duty for flight training.

SEC. 4. Except as otherwise provided in this section, each midshipman appointed pursuant to part (a) of section 3, while continuing in such status, and each apprentice seaman enlisted pursuant to part (b) of section 3, until the completion of scholastic instruction, shall, except while on active duty, receive retainer pay at the rate of $600 per year and shall, in addition, be entitled to the benefits provided for him by section 10: *Provided,* That such benefits and retainer pay may be received by midshipmen appointed pursuant to part (a) of section 3 for a period not exceeding four academic years. Each midshipman and apprentice seaman enrolled pursuant to this act shall be entitled to an allowance for (a) initial travel to the college or university in which matriculated, (b) travel while under orders, and (c) travel upon discharge while in a noncommissioned status, in the manner and to the same extent provided for midshipmen at the United States Naval Academy: *Provided further,* That no allowance for travel upon discharge shall be paid if the dischargee continues his scholastic instruction at other than Government expense in the same college or university in which matriculated. While in flight training or on other flight duty midshipmen appointed under part (b) of section 3 shall be entitled to the pay and allowances now or hereafter provided by law for midshipmen under instruction at the United States Naval Academy and to the same percentage increases of their pay as are now or hereafter provided by law for officers of the Navy assigned to duty involving flying, and shall be issued at Government expense necessary uniforms and equipment as directed by the Secretary of the Navy.

SEC. 5. All midshipmen appointed under part (b) of section 3 may, upon satisfactory completion of flight training, be designated naval aviators and assigned to duty involving flying.

SEC. 6. (a) Midshipmen appointed pursuant to section 3 (a) may be commissioned as ensigns in the line of the Navy, second lieutenants in the Marine Corps, or with the rank of ensign in the appropriate commissioned grade in such staff corps of the Navy in which the rank of ensign is now or may hereafter be authorized, following the satisfactory completion of all the academic and naval science requirements of the established 4-year Naval Reserve Officers' Training Corps course.

2. Midshipmen appointed pursuant to section 3 (b) may be commissioned as ensigns in the line of the Navy or second lieutenants in the Marine Corps following the satisfactory completion of 2 years' flight training and flight duty as midshipmen as prescribed in part (b) of section 3 and in section 5.

(b) There may also be commissioned as ensign in the line of the Navy or second lieutenant in the Marine Corps, or with the rank of ensign in the appropriate commissioned grade in such staff corps of the Navy in which the rank of ensign is now or may hereafter be authorized, any male citizen of the United States who is not more than 25 years of age on July 1 of the calendar year in which appointed: (1) Who shall have satisfactorily completed a 4-year course at an accredited college or university, or (2) who is an enlisted man of the Navy or Marine Corps who shall demonstrate by a test the attainment of an educational level equivalent to that of an individual who has satisfactorily completed a 4-year course at an accredited college or university.

(c) Officers commissioned pursuant to this act in the rank of ensign in a staff corps shall be selected for appointment by a board of commissioned officers of the staff corps concerned.

(d) The date of rank stated in the commissions of officers commissioned in any year pursuant to the foregoing subsections of this section shall be the date of graduation of midshipmen from the Naval Academy in that year and all ensigns of the line of the Navy and second lieutenants of the Marine Corps of the same date of rank, upon being commissioned, shall have precedence among themselves in such order as may be determined by the Secretary of the Navy to insure that the precedence of the officers shall be in accord with their demonstrated performance regardless of the source from which prescribed, and giving due consideration to whatever differences may exist in the methods of assigning grades between the various education institutions at which the officers have been educated. Each officer commissioned in a staff corps of the Navy pursuant to the foregoing subsections of this section shall, upon being commissioned, have assigned as his running mate such line officer of the same rank and same date of rank as the Secretary of the Navy may determine.

SEC. 7. Any officer commissioned under subsection 1 of subsection 6 (a) or under subsection 6 (b) may, upon his own application, after not less than 15 months or 2 years, respectively, of satisfactory service as a commissioned officer, have his commission in the Regular Service terminated and be commissioned in the Naval Reserve or the Marine Corps Reserve and in the discretion of the Secretary of the Navy be released from active duty. The date of rank in such commission in a reserve component shall be the same as that of the commission previously held in the regular service.

SEC. 8. The Secretary of the Navy shall in each calendar year cause to be examined (a) the records of all ensigns of the line of the Navy and second lieutenants of the Marine Corps commissioned pursuant to subsection 2 of section 6 (a) who apply for retention in the Regular Service as permanent officers and who in the then current calendar year will reach the first anniversary of the date of rank stated in their respective commissions, selecting from among such officers the number that he may determine necessary for

retention, and (b) the records of all other officers appointed pursuant to this act who apply for retention in the Regular Service as permanent officers and who in the then current calendar year will reach the third anniversary of the date of rank stated in their respective commissions, selecting from among such officers the number that he may determine necessary for retention.

SEC. 9. (a) The commission of each officer commissioned pursuant to subsection 2 of section 6 (a) who, prior to June 1 of the calendar year following that in which commissioned, shall not have applied for retention in the regular service and of each officer not selected for retention under clause (a) of section 8 shall be terminated on June 30 of the appropriate calendar year. Upon termination of commission, each such officer who thereupon accepts appointment to commissioned rank in the Naval or Marine Corps Reserve may apply for and receive retainer pay at the rate of $100 for each calendar month or part thereof during which, while an officer of the Naval or Marine Corps Reserve, he pursues full-time instruction in an accredited college or university but not to exceed a total of $2,000, such instruction to commence not later than a date to be determined by the Secretary of the Navy; in addition, each such officer shall be entitled to the benefits provided for him by section 10 of this act.

(b) The commission of each officer commissioned pursuant to subsection 1 of section 6 (a) and pursuant to section 6 (b) who, prior to June 1 of the third calendar year following that in which commissioned, shall not have applied for retention in the regular service and of each officer not selected for retention under clause (b) of section 8 shall be terminated on June 30 of the appropriate calendar year. Upon termination of commission, each such officer may be commissioned in the Naval or Marine Corps Reserve in the grade of lieutenant (junior grade) or first lieutenant, as the case may be (if in a staff corps, with the rank of lieutenant (junior grade) in the grade appropriate to that rank) and to rank from a date 3 years after the date of rank stated in his original commission in the Regular Navy or Regular Marine Corps.

SEC. 10. The Secretary of the Navy may provide, by contract or otherwise, for payment of all expenses incident to the administration of this act, including but not limited to, payment for tuition, fees, books, and laboratory expenses of midshipmen in the Naval Reserve Officers' Training Corps, naval aviation officer candidates, and of officers released under subsection 9 (a) of this act.

SEC. 11. The Secretary of the Navy may, in his discretion, give to any enlisted man in the naval service or any male citizen who has had active military or naval service such advance standing in any program provided by this act as the previous education and training of such person justifies.

SEC. 12. The Secretary of the Navy, under such regulations as he may prescribe, may revoke the commission of any officer of the Regular Navy or the Regular Marine Corps who at the date of revocation has had less than 6 years of continuous service as a commissioned officer, and each officer whose commission is so revoked shall be discharged from the service without advance pay or allowances.

SEC. 13. National service life insurance in the amount of $10,000, the premiums for which shall be paid at Government expense, shall be issued to the following persons: (a) Apprentice seamen, United States Naval Reserve, enrolled as aviation officer candidates, at the commencement of flight-training activities and until the termination of their status as aviation officer candidates; (b) midshipmen, United States Navy, upon enrollment as aviation officer candidates and until the termination of that status; (c) midshipmen at the United States Naval Academy, at the commencement of flight-training activities and until the termination of their status as midshipmen. Upon being commissioned in the Regular Navy or Marine Corps such persons shall have the option of continuing such insurance at their own expense.

SEC. 14. In the event that the quota of midshipmen authorized by law to be appointed annually to the Naval Academy from (1) enlisted men of the United States Navy and Marine Corps, (2) enlisted men of the Naval Reserve or Marine Corps Reserve, or (3) by the President at large, is not filled, the Secretary of the Navy may fill the vacancies in such quota by appointing other candidates from any other of such sources who were found best qualified on examination for admission into the Academy and not otherwise appointed.

SEC. 15. Each midshipman hereafter appointed to the Naval Academy shall be required to sign an agreement that, in the event of the acceptance of his resignation from a commissioned status in the Regular Navy or Marine Corps prior to the sixth anniversary of his graduation from the Naval Academy, he will accept such commission in the Organized Naval or Marine Corps Reserve to which he may be appointed and will not resign from the Reserve prior to such sixth anniversary.

SEC. 16. (a) The act of December 20, 1917 (40 Stat. 430), as amended, is hereby further amended to read as follows: "There shall be allowed at the United States Naval Academy eight midshipmen for each Senator, Representative, Delegate in Congress, and Resident Commissioner from Puerto Rico, and from the District of Columbia, 160 appointed annually from enlisted men of the Navy and Marine Corps and 160 appointed annually from enlisted men of the Naval Reserve and Marine Corps Reserve by the Secretary of the Navy under similar conditions so far as applicable as prescribed by law for appointments from enlisted men of the Navy."

(b) Until the necessary additional physical facilities and teaching personnel at the Naval Academy are available in the opinion of the President, the latter may, in each year, specify the number and sources, of additional appointments as midshipmen herein authorized which may be made for the ensuing academic year.

SEC. 17. The President may appoint annually 75 midshipmen to the United States Naval Academy from among the sons of Army, Navy, and Marine Corps personnel.

SEC. 18. There are hereby authorized to be appropriated such funds as may be necessary to carry out the purposes of this act.

SEC. 19. (a) Subsection (a) of section 22 of the act of March 4, 1925 (43 Stat. 1276), as amended by the act of February 13, 1945 (Public Law No. 1, 79th Cong.), is hereby further amended by substituting for the words "fourteen thousand" in the last proviso thereof the words "fifteen thousand four hundred."

(b) Of the number of Naval Reserve Officers' Training Corps members authorized by subsection (a) of this section, not more than 14,000 shall at any one time be enrolled in the training program established by this act.

SEC. 20. No person shall be appointed assistant paymaster in the Navy who, on July 1 of the calendar year in which appointed will not be less than 21 or more than 25 years of age, nor until his physical, mental, and moral qualifications have been established to the satisfaction of the Secretary of the Navy.

SEC. 21. The following acts and parts of acts are hereby repealed:

(a) Section 2 of the act of May 6, 1932 (47 Stat. 149).

(b) Subsection (a) of section 14 of the act of June 23, 1938 (52 Stat. 951).

(c) Section 307 of the act of June 25, 1938 (52 Stat. 1182).

(d) Sections 2 and 3 of the act of January 30, 1941 (55 Stat. 4).

(e) Section 8 of the act of February 28, 1925 (43 Stat. 1082).

(f) Section 1379 of the Revised Statutes.

Mr. DREWRY. Mr. Speaker, S. 2304 is a bill to provide for the training of officers for the naval service, and for other purposes. The need for this legislation arises from the fact that the authorized line officer strength of the Navy has been established by the Congress at 35,000. The annual increment of junior officers to maintain this strength will be approximately four times the number that can be graduated from the United State Naval Academy. It is therefore essential that additional sources of officers be developed immediately.

The plan proposed in this bill is that the additional officers be educated at civilian colleges and universities under programs which make full use of the experience gained before and during World War II. We would utilize the NROTC, which is now firmly established in 52 colleges and universities throughout the country. We would continue, in a slightly modified form, the naval aviation preparatory program and the aviation cadet program, which have proved highly successful during the war. And we would permit the commissioning in the Navy and Marine Corps of certain other college graduates and enlisted men with comparable education who have special qualifications.

These three groups would supplement the output of the 4-year course at the Naval Academy, which would remain unchanged. Candidates from all four sources would be given identical commissions in the Regular Navy or Marine Corps, and would serve together on active duty for a period of from 15 months to 3 years. At the end of that time, the Navy would select, from those who desire to continue in the service, the number necessary to meet requirements. The others would be placed on inactive duty for an extended period of service in the Organized Reserves.

This plan is definitely practical. It can be operated without any expansion of the Navy Academy, although the Naval Affairs Committee believes with the Navy Department that it would be desirable to increase the size of the Academy to the point where Academy graduates would constitute approximately one-half of the junior officers joining the fleet. It utilizes the facilities of accredited colleges and universities throughout the United States, thus avoiding the great expense of attempting to duplicate such facilities at the Naval Academy or elsewhere. And by using these facilities, it permits flexibility in the size of the program. We avoid the risk of building an enormous educational plant at Government expense and finding at some later date, that a substantial portion of it is no longer required.

The evidence presented to the Naval Affairs Committee in extended hearings also proves conclusively that the plan as a whole will effectively meet its objectives. Although there was some skepticism at the beginning, the committee

now agrees with the Navy Department that the principle of procuring officers from several sources, and merging them into the Regular Navy through a period of common service experience, is sound. Fleet Admiral Chester W. Nimitz has made a striking statement on this point. He says:

A team is strengthened rather than weakened by having members with different qualifications and different aptitudes. A graduate of the University of California or Princeton can be quite as valuable to the Navy as a graduate of the Naval Academy, and the Navy as a whole will benefit by having both on the same team.

The peacetime Navy, as it is now being reorganized under recent legislation, will be such a team. We are now in the process of transferring to the Regular Navy thousands of Reserve officers who have proved their competence in the war. I believe it will be a strong Navy, carrying forward with undiminished vigor the high tradition of the past, and approaching new problems with flexibility of mind that comes from variety of experience and of outlook. The Holloway Board plan, embodied in this bill, will perpetuate the advantages of bringing into the Navy men with civilian as well as strictly naval backgrounds.

The committeee concurs in this view, which has also been expressed by the Secretary of the Navy, the Chief of Naval Personnel, the members of the Holloway Board which was composed of both civilian and naval members and which drew up the plan for the Navy Department, and a number of distinguished educators who appeared before the committee.

In brief, H. R. 5426 contains the following provisions:

First. Members of the Naval Reserve Officers' Training Corps, to a maximum number of 14,000, will be given free tuition, fees, books, and uniforms while pursuing a 4-year college course, including 24-semester hours of instruction in naval science, at one of the 52 NROTC colleges. They will also receive retainer pay at the rate of $50 per month. In return for these advantages, they will agree to serve three full summers on active duty on ships or at naval shore establishments before graduation, and then to serve not less than 6 years in the Navy or Marine Corps, of which at least 15 months will be on active duty immediately after commissioning. Candidates for the NROTC will be selected on the basis of a Nation-wide examination and approval by State or regional selection boards similar to those established for the V–12 program during the war. The number from each State will be proportional to the number of high-school graduates in that State. Special quotas will also be established for enlisted men of the Navy and Marine Corps.

Second. Aviation candidates will attend accredited colleges of their own choice for 2 years, with free tuition, fees, books, and $50 a month retainer pay. At the end of that time, they will enter flight training, since they will be approximately 20 years old, by far the best age to enter such training. After 3 years of service in the Regular Navy or Marine Corps, they will be selected to continue in the Navy or to go into the Naval Reserve. If they remain in the Navy, they will receive 2 years of college-level education at the Naval Academy or a similar school; if they go into the Reserve, they will be aided in completing their college education at civilian institutions of their own choice to the extent of free tuition, fees, and books, and $100 per month. Aviation candidates, like NROTC candidates, will be selected by a Nation-wide examination and by regional selection boards, which will take into consideration their aptitude for flight. Quotas will be established for enlisted men of the Navy and Marine Corps.

Third. Civilian graduates of colleges and universities, and enlisted men of the Navy and Marine Corps who have the equivalent of a college education, may be commissioned to meet special requirements established by the Navy and Marine Corps.

As I have said, this bill makes no change in the 4-year course at the Naval Academy or in the method of congressional appointments. The committee felt it wise, however, to insert a provision that the number of congressional appointments will be increased if and when the facilities of the Naval Academy are expanded.

The Navy Department has estimated that the proposed plan, including an increase in the size of the Naval Academy, if approved in subsequent legislation, will cost approximately $49,000,000 per year. This figure is misleading, however, when applied directly to the programs authorized in this bill and not covered or paralleled in previous legislation. The only new items not authorized for previous peacetime programs are the college training of the aviation candidates, a portion of the college expenses of NROTC candidates, and the expense of indoctrination for men commissioned directly from college. The annual cost of these portions of the program, when all provisions of this bill are in effect, will be approximately $24,500,000. Because the number of trainees entering the program with full financial aid during the year beginning July 1, 1946, will be well below the authorized total, the Navy Department has informed us that no additional funds will be required in the budget for the next fiscal year. The Congress will be called upon merely to authorize the shifting of certain funds among authorized appropriations.

This bill, in the view of the committee, has several outstanding merits. It is thoroughly democratic, in that it broadens the base from which future officers of the Navy will come. Every qualified young man in the United States will have an opportunity through this program to become a naval officer. It also offers the opportunity to every accredited college and university of the Nation to contribute toward the education of naval officers. For this reason, the bill has the support of the American Council on Education, which officially represents the colleges, and has been strongly advocated before the committee by such distinguished college presidents as Frank P. Graham, of the University of North Carolina; James P. Baxter II, of Williams College; Frederick A. Middlebush, of the University of Missouri; Edmund E. Day, of Cornell University; Leonard Carmichael, of Tufts College; Henry T. Heald, of the Illinois Institute of Technology; and Father Edward V. Stanford, rector of Augustinian College, in Washington.

The committee believes, with the Navy Department, that the bill will meet the Navy's needs without resorting to any untried measure. Every element in the plan has been tested and found successful. Through the Naval Academy, NROTC, the aviation program, and the commissioning of specially qualified college graduates, the Navy will secure a continuing supply of fully qualified officers from sources sufficiently varied to insure flexibility adequate to meet any emergency. These programs will also provide a constantly replenished reservoir of young, vigorous Reserve officers. Furthermore, the Navy will always have a large number of qualified junior officers for short-term service, thus permitting promotions in reasonably short times without building up an unduly large retired list. All these advantages will accrue at a minimum cost to the Government.

After extended hearings and thorough investigation, the Naval Affairs Committee has concluded that there is no satisfactory alternative to the program embodied in this bill. We urge approval by the House. Furthermore, we urge immediate action, in order that this plan may be put into effect in the fall of this year for the 10,000 officer candidates now under instruction. We must avoid any interval of confusion and disruption between the Navy's wartime officer candidate programs, which end this summer, and a comprehensive peacetime program which will protect our national security in the future. As the Secretary of the Navy said a few days ago:

There may never be another opportunity, such as we have had twice in the last generation, to train officers after an emergency has come.

Mr. COLE of New York. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLE of New York: On page 13, strike all of section 16.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 5426) was laid on the table.

OFFICE OF NAVAL RESEARCH IN THE DEPARTMENT OF THE NAVY

Mr. DREWRY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5911) entitled "An act to establish an Office of Naval Research in the Department of the Navy," with Senate amendments, and agree to the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 4, after "initiation", insert "and."

Page 2, line 5, strike out "and control."

Page 2, line 5, strike out "all."

Page 2, lines 23 and 24, strike out "in addition, report to the Chief of Naval Operations, and shall."

Page 4, line 17, after "5", insert "(a)."

Page 5, after line 5, insert:

"(b) Any funds appropriated to enable the Office of Naval Research to carry out its functions as provided for herein shall, if obligated during the fiscal year for which appropriated, remain available for expenditure for 4 years following the expiration of the fiscal year for which appropriated. After such a 4-year period, the unexpended balances of appropriations shall be carried to the surplus fund and covered into the Treasury."

Page 5, lines 9 and 10, strike out "(acting through and under the Chief of Naval Research)."

Page 6, after line 3, insert:

"SEC. 7. The Secretary of the Navy is authorized to transfer to the Office of Naval Research, as in his judgment may be necessary and appropriate, such research and development functions as are now assigned to the various bureaus and other agencies and offices of the Navy Department, together with any or all personnel, buildings, facilities, and other property used in the administration thereof, including without limitation the Special Devices Division and the Naval Research Laboratory."

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. DREWRY]?

Mr. COLE of New York. Mr. Speaker, reserving the right to object, this bill as amended by the Senate is in substantially the same form as passed by the House and the Senate amendments are acceptable.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. DREWRY]?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

REHABILITATION ON THE ISLAND OF GUAM

Mr. DREWRY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1466) authorizing rehabilitation on the island of Guam.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. COLE of New York. Mr. Speaker, reserving the right to object, the House committee reported a bill covering the same subject matter, authorizing $15,000,000. The Senate bill which it is now asked to be considered, authorizes $6,000,000 for the same purpose, to rehabilitate the island of Guam. It is our purpose to accept the Senate authorization of $6,000,000 and to yield on the $15,000,000.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. DREWRY[?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to construct such permanent facilities for the civil populace of the island of Guam as he may deem necessary for their economic rehabilitation at a cost not to exceed $6,000,000 in aggregate amount.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to effectuate the purpose of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

ACQUISITION OF CERTAIN LANDS ON THE ISLAND OF GUAM

Mr. DREWRY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2246) to authorize the Secretary of the Navy to acquire in fee or otherwise certain lands and rights in land on the island of Guam, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. COLE of New York. Mr. Speaker, reserving the right to object, as indicated by the title, the purpose of the bill is to authorize the Secretary of the Navy to acquire additional lands in Guam for two purposes. One, to make available for the Navy lands which can be exchanged for lands confiscated under private ownership because of the war operations, and also to make available to the Navy lands which can be used for the construction of naval establishments and military works on the island.

I should like to point out that this is the first time the Navy Department has requested of Congress authority to fortify the island of Guam. This grant of authorization to acquire lands is the initial step to that end.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to acquire in the name, and for the use, of the United States, by purchase or otherwise, land and rights pertaining thereto situated on or within the island of Guam, including interests in fee, leasehold interests with or without option to purchase interests in fee, and rights-of-way and easements both temporary and perpetual for highways, drainage system, water supply and water distribution facilities, power lines, communication systems, and communication distribution facilities, upon conveyance of title acceptable to him or to such other officer as he may designate without regard to and notwithstanding section 355 of the Revised Statutes, as amended (U. S. C. A., title 40, sec. 255), or any other provision of law requiring approval of title by the Attorney General of the United States. The authority contained herein may include, but shall not be limited to, acquisitions for the purpose set forth in Public Law 225 of the Seventy-ninth Congress, approved November 15, 1945.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $1,630,000 to effectuate the purposes of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 6547) was laid on the table.

EXTENSION OF REMARKS

Mr. BARRY asked and was given permission to extend his remarks in the RECORD and include a short letter written by himself.

Mr. SAVAGE asked and was given permission to extend his remarks in the RECORD and include a column from the Southern Teamster in the remarks he made on the OPA conference report.

UNIFORM ADMINISTRATION OF EFFICIENCY RATINGS

Mr. JACKSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 5590, an act to provide for the uniform administration of efficiency ratings, with a Senate amendment, and agree to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

After line 15, insert:

"SEC. 2. The provisions of this act shall be effective upon enactment, except that, with respect to employees in the field services whose positions are not subject to the Classification Act of 1923, as amended, such of the provisions of section 9 of the Classification Act of 1923, as amended, as require the Civil Service Commission to approve reductions in compensation and dismissals for inefficiency, or confer the right to a hearing and review of efficiency ratings by boards of review, shall not become effective until such boards of review in the field services are established as provided in section 7 of the act of November 26, 1940 (54 Stat. 1215), under regulations prescribed by the Civil Service Commission, with the approval of the President."

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

RESOLUTION LAID ON THE TABLE

The SPEAKER. Without objection, House Resolution 638 will be laid upon the table.

There was no objection.

EXTENSION OF REMARKS

Mr. WASIELEWSKI asked and was given permission to extend his remarks in six separate instances and to include a newspaper article in each.

Mr. SOMERS of New York asked and was given permission to extend his remarks and include a short editorial.

Mr. WOODRUFF (at the request of Mr. MICHENER) was given permission to extend his own remarks in the RECORD and include an editorial.

Mr. KNUTSON (at the request of Mr. MICHENER) was given permission to extend his remarks in two instances and include articles.

Mr. PITTENGER (at the request of Mr. MICHENER) was given permission to extend his remarks in the RECORD and include newspaper items.

Mr. McDONOUGH asked and was given permission to extend his remarks

in the Appendix of the RECORD and include a Nation-wide survey of the veterans' housing program.

Mr. WEICHEL (at the request of Mr. REED of Illinois) was given permission to extend his remarks in the RECORD and include newspaper articles.

Mr. D'EWART asked and was given permission to extend his remarks in the Appendix of the RECORD and include certain remarks he made in connection with REA.

Mr. McCORMACK asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial recently appearing in the Boston Globe.

EXPLANATION

Mr. BRYSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. BRYSON. Mr. Speaker, I have been in my district over the week end. I started back in ample time to be here to vote for House Joint Resolution 371. Unfortunately, the plane on which I was to have traveled was grounded south of my city and there was no other way to travel, so I was a bit late. I arranged by wire, however, for a live pair with my distinguished colleague the gentleman from South Carolina [Mr. RIVERS].

Had I been present I would have voted for the passage of the measure.

SPECIAL ORDERS GRANTED

Mr. GORE. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes today at the conclusion of the other special orders.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes today following the other special orders and to include a telegram from the Federation of Labor regarding the bill to provide cars for amputees.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, I have a special order of 10 minutes today. I ask unanimous consent that it may be vacated and transferred to tomorrow, following the legislative business of the day and special orders heretofore granted.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. RAMEY. Mr. Speaker, I ask unanimous consent that the special order I had to address the House for 30 minutes today may be transferred to a week from today, following the legislative business of the day and other special orders heretofore entered for that day.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER. Under the previous order of the House, the gentleman from Indiana [Mr. MADDEN] is recognized for 30 minutes.

LEGISLATIVE PROBLEMS FACING THE CONGRESS

Mr. MADDEN. Mr. Speaker, the American people are more interested in congressional legislation today than at any time in our history. Two generations of Americans now living have suffered and endured the sacrifice and grief of two World Wars. The veterans, their families, and all other Americans are concerned with discussions and agreements between nations which will guarantee to their children and future generations a permanent peace.

The Seventy-ninth Congress has been in session almost continually since January 3, 1945. This Congress has been called upon to solve unprecedented domestic and international problems which are the natural aftermath of a world war.

It is the duty of every citizen to give serious thought to the problems which confront our Government. After all, the decisions of Congress is a reflection of public opinion back home.

PERMANENT PEACE

It is my belief that our people have not forgotten the sad and costly lesson they learned by following the pathway of isolation after World War I. This fact was demonstrated over a year ago when 51 nations sent delegates to San Francisco to write a United Nations Charter for a new world organization to insure future peace. From now on the one supreme task not only of America but of every nation is to build a new world relationship on a foundation of just social, economic, and spiritual principles. Law must take the place of brute force everywhere. Understanding and mutual helpfulness must gradually smother the fires of class and racial hate, suspicion, and fear.

We stand at this moment in the dark dawn of a new age. For the first time in the long and tragic history of man we face a task which only the entire human race, working together, can finish.

Every brave boy who paid the supreme sacrifice in war did so with the thought that the future generations would not be called upon to repeat the destruction and slaughter of another world conflict.

In the preliminary meetings already held by the United Nations delegates difficult problems have been solved, but we must realize that we are pioneering in the art of world arbitration—the road will not be smooth. Time and experience will gradually educate the nations of the world as to the necessity of compromise and mutual understanding.

Our greatest obligations to the World War II veteran and future generations is to do everything possible to construct barriers against the possibility of World War III. Our Government has already assumed its rightful place of world leadership, and it would be a calamity if we retreated at this time.

TRADE AND COMMERCE

Last week the Congress passed the resolution ratifying the British loan. One of the prime reasons for favorable action on this loan was that international trade, on a sound and nondiscriminatory basis among nations is the best preventative of an economic war which might be the seed for future armed conflict.

The A. F. of L., CIO, chambers of commerce of the United States, American Bankers Association, several Farm Bureau groups, and about 50 other outstanding national organizations ratified the British loan proposal as not only good business for America, but a forward step in international cooperation.

The testimony of witnesses, experienced in finance and international commerce, who appeared before the Banking and Currency Committee, revealed the necessity of reestablishing Britain and her colonies so they can resume their former export and import business with America. Furthermore, without England as a member of the Bretton Woods financial agreement, it would be impossible for America to support a world bank alone. Financial isolation would cripple American industry, destroy the hope of full employment, and our much-needed, after-war prosperity.

DOMESTIC PROBLEMS

Many people recollect the period of inflation and industrial strife which our country endured after World War I. This abnormal condition threw our economy off its equilibrium and brought us the fabulous years of real estate and stock market speculation which led us to the crash of October 1929, and four sad years of panic and depression. That was truly the "boom and bust" period. I am fearful that the unfortunate policies of the 1920's may be reestablished. We must not set into motion the forces of inflation as there will be but one result—the most chaotic depression this country has ever known. The American people are entitled to a firm assurance from Congress that rents and the prices of food, clothing, and other essentials will be held in line. These controls should not be removed until this war emergency has passed and the supply can meet the consumers' demand.

Unfortunately sufficient Members on the Democratic side of the House joined the great majority of the Republicans to pass crippling amendments to the price control bill.

In 1945 the Federal Reserve Board and the Bureau of Agricultural Economics made a survey to determine the annual income levels of the Nation's families. Their report follows:

One out of five families (approximately 9,300,000 families), under $1,000 a year.

One out of two families (12,400,000 families), under $2,000 a year.

Two out of three families (10,300,000 families), less than $3,000 per year.

Seven million families, less than $4,000 per year.

Three million one hundred thousand families, less than $5,000 per year.

Two million two hundred thousand families, less than $7,500 per year.

The study showed that savings, to an even greater extent than incomes, were concentrated in relatively few hands. In the first low-income group set out above, the report showed that these families

spent more than they earned in 1945, thus dipping into their past savings to make both ends meet. Their liquid assets, on the average, were $20 per family. This group offers little market for anything except the bare necessities of life; and a sharp rise in prices would eliminate approximately 30,000,000 families as possible purchasers for automobiles, refrigerators, washing machines, and so forth.

The above should convince the average manufacturer and retailer that an effective OPA is their greatest insurance policy for prosperity.

It is amusing to observe that individuals and pressure groups who oppose price control have in the past consistently fought the demand for increased wages. It is fundamental that higher wages to the workers of America is of no value if living costs continue to rise. This would create a vicious cycle which will end only in industrial ruination and chaos.

MINIMUM WAGE

The minimum-wage legislation which we are now trying to bring on the floor of the House by a discharge petition should have been passed by this Congress long ago. This legislation would have given millions of our citizens the right to earn enough to provide adequate food, clothing, recreation, and security for themselves and their families. It would add to national contentment and prosperity.

FEPC

Two years ago both political parties incorporated in their platforms a program calling for the abolition of discrimination in employment. This legislation outlawed the injection into our economy of racial or religious prejudice as a yardstick for the right to secure a job.

It is my firm belief that had Congress enacted President Truman's legislative recommendations on full employment, minimum wages, FEPC, social security, and other progressive measures, most of our industrial and management's disputes of the last year would have been averted.

VETERANS

This Congress can indeed be proud of the legislation is has passed in behalf of the war veteran. Although legislation of this magnitude is not perfect, nevertheless, Congress has willingly amended and revised parts of this legislation whenever the necessity arises or requested by the Veterans' Administration. It is indeed a difficult task to properly administer to over 12,000,000 veterans without mistakes and inequalities. Time does not permit me to review the extended provisions of veterans' legislation passed by this Congress.

Owing to curtailment of building material to civilians during the war period, home building was suspended almost 5 years. When the war ceased, millions of veterans returned to their homes to face the problem of an already acute housing shortage. The Congress has made every effort to bring about mass production of houses in the shortest possible time to provide homes for the veterans and their families. The accomplishment of this task will require patience and sacrifice, not only on the part of the veterans, but also civilians, and industrial management.

Unfortunately the veterans' housing legislation was sadly crippled by the defeat of the provisions for ample subsidies for building materials. In spite of the above mentioned handicaps, surprising progress is being made in the difficult task of providing homes for veterans.

Our greatest housing problem and bottleneck today is the lack of low-priced houses now under construction. Bankers and government officials have had to tell many veterans that a man who cannot afford more than $40 a month rent, is ill-advised to buy a house costing more than $5,000. The original goal of building half of the new houses to sell for $5,000 or less, has been abandoned as building costs have gone up. Instead of $5,000, the price of what is called low-cost housing has been raised to $8,000 or $9,000.

I hope the Congress does not recess for the summer without acting favorably upon the pending Wagner-Ellender-Taft housing bill. At present, construction is being channeled into speculative building for quick sale and most of the houses will meet a minimum standard of quality.

LABOR

Over 2 years ago, Congress enacted the so-called Smith-Connally bill for the purpose of curbing industrial difficulties and strikes. This legislation proved to be a great mistake and a failure. Its sponsors have openly admitted that it was ill-advised and impractical. Recently during the confusion and frenzy incident to numerous labor-management disputes, the Congress passed the so-called Case bill. This legislation would practically nullify the National Labor Relations Act and the Norris-LaGuardia Anti-Injunction Act. If this bill became a law, labor would lose almost all the gains it has made during the last 15 years. President Truman vetoed the Case bill and the Congress sustained his veto by only a margin of 5 votes. The Case bill was overwhelmingly supported—152 to 16—by Republican Members of the House. Had this legislation become a law, it would have haunted its sponsors, contributed to industrial strife, and postponed reconversion and peacetime prosperity indefinitely.

SOCIAL SECURITY

The Committee on Ways and Means has, for a number of weeks, been holding hearings on legislation calling for the expansion of our social-security program. Numerous witnesses from all parts of the country testified, urging the necessity for an expansion and complete revision of our social-security laws. Unfortunately the committee has reported out a bill which fails to deal with the most important aspects of social-security expansion. It is my firm hope that one of the first acts of the new Congress will be to pass comprehensive and broad legislation dealing with social security.

Our democracy can thrive only when it adequately respects and preserves the dignity of the common people. Only by strengthening and upholding the economic freedom, independence, and self-respect of the aged, the individual and the family, can we guard democracy against the world-wide challenge of communism and socialism.

AGRICULTURE

For the first time in our history, farm income has risen more rapidly than the income of any other group in our economy. The farmers of America should not forget the deplorable 1920's when they paid a great penalty for governmental misrule.

In 1932, corn was selling for 8 cents a bushel, wheat for 32 cents, and milk for $1.08 per hundredweight. We will recollect in the Middle West farmers gathered in certain localities and defied judges and lawyers against foreclosure proceedings on their farms. Since March 4, 1933, our Government has cooperated in every way with the farm organizations in America to enact laws and inaugurate policies which has placed agriculture on its present high pedestal of prosperity.

UNITED NATIONS

The future of modern civilization is dependent upon the success of the United Nations organization. This experiment in world government to prevent war must function carefully until firmly established.

The United Nations eventually must enforce the principles of the Atlantic Charter. There can be no permanent peace unless liberty and self-government is given to all nations, great and small. Freedom's greatest ally is the truth. One of the future tasks of United Nations organization is to give the world true information on freedom and self-government in Poland, Czecloslovakia, Italy, Romania, Hungary, Yugoslavia, Lithuania, Greece, and other Balkan areas where oppression might furnish the seed for future conflict. This equally applies for the necessity to establish a permanent Jewish homeland in Palestine.

This organization must start to enforce the provisions of the Atlantic Charter. Aggression on the part of any nation will eventually culminate in another terrible war.

The United Nations must exercise vision, courage, and world leadership now to establish respect and permanence. It must succeed or America, the world, and future generations will live under the dark cloud of fear, suspicion, world insecurity, and the constant threat of war.

The SPEAKER. Under the previous order of the House, the gentleman from Tennessee [Mr. GORE] is recognized for 10 minutes.

AMENDMENTS TO SOCIAL SECURITY ACT

Mr. GORE. Mr. Speaker, on tomorrow, as I understand the present plans, it is anticipated that we shall consider a resolution, or rule, determining the manner of considering a bill amending the Social Security Act. The mere fact that Congress is to consider amending the Social Security Act and to consider the question of increasing direly needed benefits to the needy old people of the country and the blind and the dependent children must gladden the hearts, mus

kindle a flame of hope in the hearts of these unfortunate people; but, Mr. Speaker, that hope will be dimmed in the hearts of those needy people in a great many States and turned into disappointment, disillusionment, and despair if the rule which is proposed is not amended because it is a closed rule, closed tight, airtight, closed so tight that, if adopted unamended, the membership will foreclose themselves from offering amendments or even considering amendments. Indeed, they will foreclose themselves from any opportunity to give adequate consideration to the needs of the millions of these unfortunate of our citizens.

These people who have reached the evening shadows of life and face stark want, these people with unseeing eyes, these dependent children, unable now to speak for themselves, deserve better treatment at our hands. Shall we, by our own votes, put upon ourselves a yoke of impotency to give succor to the wants of the poor old, blind, and dependent children? Not I, Mr. Speaker.

Mr. RAMEY. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield to the gentleman from Ohio.

Mr. RAMEY. I agree in toto with what the gentleman says. However, is there any need for the Congress having to shackle itself? Have we not an opportunity to take the shackles off and enact proper legislation?

Mr. GORE. We will be afforded the opportunity of determining the manner in which we will consider this bill. The Congress is the master of itself tomorrow on this question. The issue will be between adequate consideration of a problem vital to millions of American people and an inadequate consideration, indeed, a denial of an opportunity to consider. It is also a denial of the rights of these needy old people, the dependent and blind, to have their problems considered by the Congress.

An effort will be made to vote down the previous question on the rule which, if voted by a majority of the Congress, will make the rule subject to amendment and thereby the Congress itself can determine how we will consider this question. The issue is plain. It is an issue between a careful, full consideration of the country's social security needs by Congress on the one hand and a hasty go-home, quick abandonment of our responsibility on the other. It is an issue between tying our own hands or keeping them free to work our majority will on questions affecting the millions of American citizens concerned with social security. It is an issue between fair and more equitable treatment of the country's needy old, the blind, the dependent children, or in increasing the existing discrimination and unequal treatment. Indeed, Mr. Speaker, it is an issue between giving adequate consideration to a vital question and a self-imposed denial of an opportunity to do so.

Even if we, the Members of this body, were willing to deny ourselves the right of full consideration of this question, I say we should not deny the right of these millions of needy old people, the dependent children, and the helpless sightless to have their problems considered by the Congress. This is their problem as well as ours, and I dare say more pressing to them.

Mr. WASIELEWSKI. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield to the gentleman from Wisconsin.

Mr. WASIELEWSKI. The bill that comes before the House tomorrow provides for an increase in the grants that the Federal Government will make from $20 to $25 and the State is to match the payments made by the Federal Government. There are many States, however, that have not been taking advantage of the full amount that the Federal Government is contributing today.

Mr. GORE. And for that reason it is a snare and a delusion to hold out this hope to the needy old people in those States where the State governments cannot even match that which is already available. How does it cperate? It operates only to bring increased benefits to those people who live in States that have already qualified, or in the future qualify, to meet the matching requirements. The program would begin October 1. Only a few States are now qualified to take advantage of the increased benefits and a great many States simply cannot qualify. The bill results in 90 percent of the new Federal expenditures under present circumstances going to five States; in fact nearly half going to one State; while the increase for 17 States is exactly zero.

Mr. WASIELEWSKI. Early in the first session of the Seventy-ninth Congress $50,000 was appropriated by the House for the Ways and Means Committee to make a comprehensive study of the social-security structure.

A committee of experts has been working on this matter for over a year and a half. Last January they brought in a comprehensive study under the leadership of Commander Calhoun, and the committee then went into hearings on this matter late in February and concluded its hearings, I think, early in June. But we were interrupted repeatedly with other important legislation, and as a result the committee has not had adequate time to make a full evaluation of the recommendations of its experts. This legislation is merely temporary to carry us over into the next session when it is expected that a comprehensive social-security study will be made by the committee and a total revision of the whole act will be made. We did not feel that it would be proper for us to do this job in a piecemeal fashion, and for that reason this bill will probably, on its face, seem inadequate and probably is inadequate but was introduced because this was all that could be brought out at this time without getting into an extended controversy.

Mr. GORE. The gentleman is a member of the great Committee on Ways and Means which is headed by a great citizen, a gentleman who is held in the highest esteem, love, and respect by this body, the gentleman from North Carolina, the Honorable ROBERT L. DOUGHTON.

It is true that the Congress authorized this committee to expend $50,000 for the employment of a technical staff to study the social-security program and to make recommendations for needed changes. The gentleman says that this staff of experts gave to the committee a comprehensive report away back last January. And yet, the gentleman pleads inadequate time for consideration. I do not wish to criticize the gentleman's committee; I think it is one of the great committees of the House; but the Congress and the country have a right to expect of the committee expeditious consideration of a problem so pressing as the need for amendments to the Social Security Act. The record of the gentleman's fine committee, however, is not as laggard as this colloquy thus far would indicate, because on July 1 his committee reported a bill much more comprehensive than the one for which a closed rule will be proposed tomorrow. This was H. R. 6911 and, although it did not go far enough, it was a great improvement over the bill which his committee reported on July 15. For reasons unknown to me, the gentleman's committee reversed its position within this 2-week period which, incidentally, shows that the gentleman's committee can act with dispatch under certain circumstances. I think the first bill which the gentleman's committee reported received the most careful consideration. Indeed, according to the gentleman's statement, his committee considered the question for 5 months and then after this diligent consideration reported H. R. 6911, so this bill must have represented the best judgment of the Ways and Means Committee. I am not acquainted with the executive sessions of the gentleman's committee, but I have heard it said several times that H. R. 6911 was reported by the Ways and Means Committee by the overwhelming vote of 17 to 8. On the other hand, the last bill reported by the committee on which a closed rule is now reported of necessity must have been conceived rather hastily.

So, Mr. Speaker, the Ways and Means Committee has reported two bills amending the Social Security Act within a 2-week period. It is unreasonable, then, to ask that the House be allowed to consider the contents of both of these bills? This seems entirely reasonable. And, yet, by the rule we would not only be denied the right to consider both bills but we would not even be allowed to select the bill which must have represented the best judgment of the Ways and Means Committee after an unusually long period of consideration.

If the rule is amended so as to permit it, I propose to offer H. R. 6911, the better and more comprehensive of the two bills reported by the Ways and Means Committee, as a substitute for the hastily contrived, inadequate bill, H. R. 7037, which only worsens the existing unfairness and inequity.

H. R. 7037 is wholly inadequate. It gives more to those who need it less, and nothing to those who need help most.

It increases the present inequity and discrimination in treatment of the country's needy citizens.

It increases rather than diminishes the disparity in the amount of Federal grants for old-age assistance, aid to the blind, and aid for dependent children.

It will do nothing to help raise the admittedly inadequate assistance payments in those low-income States which are unable to match Federal funds already available.

It but beguiles the majority of our old citizens and the blind by showing them the promised land which they can never reach because they live in the wrong State.

It is contrary to every sound principle of social justice, equality of treatment, public finance, and national policy.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. GORE. Mr. Speaker, I ask unanimous consent to proceed for five additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield to the gentleman from Kansas.

Mr. REES of Kansas. I am in accord with the gentleman's view that this legislation should not come before the House under a closed rule. I have at other times objected or found fault with the Committee on Ways and Means for bringing legislation to the floor under a closed rule. But I think that this legislation, of all legislation that we have had, ought to come out on the floor and be fully and completely discussed, and above all things, the Members ought to certainly have a right to offer amendments. As the gentleman has suggested, the only way to get at it now is to vote down the previous question on the rule. I think also that it is extremely unfortunate that this great committee of ours, for whose members we have the highest respect, should bring this legislation to the floor at this late hour. It should have come up before now so that we would have had a chance to get at it and discuss it and know what it contains, because as I view it, in looking at the tables already placed in the RECORD it is certainly inequitable.

Mr. GORE. The able gentleman is eminently correct. You know, when I hear it said here that this great House of Representatives cannot consider by an open rule a bill dealing with the Social Security program, I wonder how the great august body on the other side of the Capitol ever manages to pass a Social Security bill. They have no gag rules. They have open debate. Cloture is only voted about once every decade. They can consider any and all amendments that any Member offers. And yet, by some legislative miracle I suppose, they succeed in passing every bill that becomes law. I resist the suggestion that this House is incapable of giving adequate consideration to a measure so vitally affecting millions of people.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Can the gentleman tell me, is there a provision in the bill that would allow the widows of veterans to collect the sums that would be due their husbands if they had lived?

Mr. GORE. I yield to the gentleman from Wisconsin.

Mr. WASIELEWSKI. Yes; it gives them the same rights as would go to anyone under the Social Security Act.

Mrs. ROGERS of Massachusetts. I mean that if the veteran had lived he probably would have had certain moneys coming to him. This bill takes care of that? Up to now the widow could not collect that money.

Mr. WASIELEWSKI. It takes care of his social-security credit for 3 years after he leaves the Army.

Mrs. ROGERS of Massachusetts. Then it accrues to her?

Mr. WASIELEWSKI. That is right.

Mr. GORE. Both H. R. 6911 and H. R. 7037 contain these provisions. And I understand that a separate bill embodying those features of this bill which affect veterans passed the Senate. It could be called up by the Chairman and I am sure passed by unanimous consent.

Mrs. ROGERS of Massachusetts. I have introduced a bill myself for that purpose, in connection with the accrued money.

Mr. GORE. I congratulate the gentlewoman.

Mr. SMITH of Ohio. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. Do I correctly understand this bill will not be subject to amendment under the rule?

Mr. GORE. If the rule is adopted unamended, but I propose that we vote down the previous question in order that we can offer amendments to this bill, which is vital to our people. Even if we ourselves are willing to foreclose our own rights, we ought not to be willing to foredoom the right of these needy people to have the problem of increasing their benefits considered in the House.

Mr. SMITH of Ohio. I am not defending a closed rule, but it is a fact that this whole problem of social security is extraordinarily intricate and complicated. It is not an easy matter to understand unless you make a special study of it. Is not that a fact?

Mr. GORE. It certainly is, but I think the gentleman from Ohio and every Member of this House have made a special study, because it affects so vitally the people whom they represent. I know the gentleman, for instance, has given long hours of study to the whole question of social security in order that he can represent the best interests of the many elder citizens in his district who need assistance and also the best interests of his blind and dependent children constituents.

Mr. SMITH of Ohio. Yes, but the gentleman from Ohio does not claim to understand it.

Mr. GORE. The gentleman is modest.

Mr. HOBBS. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield to the gentleman from Alabama.

Mr. HOBBS. I simply wish to voice my appreciation, both personally and officially, for the leadership which the distinguished gentleman from Tennessee is giving us in this matter. I hope that he may rally the support which I am sure his zeal and his knowledge of this subject challenge and demand.

Mr. GORE. I thank the distinguished gentleman from Alabama. His great State, for instance, would receive only a measly $4,000 increase over the 1943–44 rate of Federal expenditure for old age assistance for the entire State. This might be a nickel apiece.

Before going further I would like to insert a table which shows the actual amount of increased Federal expenditure provided for each State by H. R. 7037 for old age assistance.

State:	*Increase over 1943–44 rate of expenditure*
Alabama	$4,000
Alaska	25,000
Arizona	355,000
Arkansas	----------
California	13,031,000
Colorado	1,496,000
Connecticut	200,000
Delaware	----------
District of Columbia	5,000
Florida	----------
Georgia	----------
Hawaii	----------
Idaho	14,000
Illinois	271,000
Indiana	----------
Iowa	146,000
Kansas	302,000
Kentucky	----------
Louisiana	126,000
Maine	8,000
Maryland	2,000
Massachusetts	4,969,000
Michigan	72,000
Minnesota	40,000
Mississippi	----------
Missouri	----------
Montana	10,000
Nebraska	----------
Nevada	82,000
New Hampshire	6,000
New Jersey	$250,000
New Mexico	155,000
New York	2,810,000
North Carolina	----------
North Dakota	32,000
Ohio	32,000
Oklahoma	60,000
Oregon	71,000
Pennsylvania	58,000
Rhode Island	85,000
South Carolina	----------
South Dakota	----------
Tennessee	----------
Texas	----------
Utah	326,000
Vermont	----------
Virginia	----------
Washington	2,200,000
West Virginia	-------
Wisconsin	34,000
Wyoming	6,000
Total	27,289,000

Source: Social Security Board.

Mr. Speaker, I submit that this is wrong; that by this bill the gross inequity now prevailing is only made worse.

I am not opposed to providing an increased Federal grant to the more favored States, nor am I trying to defeat it. Indeed, I favor a greater increase than is provided in H. R. 7037. H. R. 6911 provides larger increases in benefits for all States than H. R. 7037, but recognizes, also, differences in the ability of

the States to finance their share of public assistance.

I object, and I think my objection is reasoned, to any bill which further increases the disparity, inequity, and unfair discrimination by the Federal Government between its citizens. Already the Federal Government is paying more than three times as much in assistance grants to citizens of one State as to citizens of some other State. Under the 50–50 matching system the Federal Government grants most assistance to the States which need it least and grants least to the States which need it most. Both the Social Security Board and the committee's technical staff recommended that the formula be modified so as to correct these gross inequities. After long and diligent consideration, the Ways and Means Committee itself said in its report on July 1, 1946:

Increase in Federal share in low-income States: Federal grants-in-aid for public assistance are intended to help in aiding needy aged and blind persons and dependent children in all parts of the country and to some extent to equalize the financial burden throughout the Nation. The present system of equal matching, however, has not adequately fulfilled these objectives. The present 50-percent basis for Federal participation does not recognize differences in the ability of States to finance public assistance, nor does it recognize the greater incidence of poverty in States with low economic resources. To assist their needy people, the low-income States must make greater tax effort than States with larger resources where relatively fewer persons are in need. This is illustrated by the fact that, in 1942, the latest year for which complete information is available, two-thirds of the States with less than average per capita income appreciably exceeded the average for all States in tax effort to finance the special types of public assistance. In contrast, only one-sixth of the States with per capita income above the national average exerted above-average tax efforts for this purpose.

The variable matching formula is not a perfect method for allocation of Federal funds for old-age assistance, but, at least, it is an improvement over the present method, and an even greater improvement over the provision of H. R. 7037. It is a step in the direction of equality of treatment.

I would like to quote an explanation of the variable matching formula from the Ways and Means Committee report of July 1:

For States with per capita income below the average for the Nation, the committee proposes an increase in the proportion of assistance costs borne by the Federal Government. The share of the cost to be paid by each low-income State will depend upon how its per capita income compares with that for the country as a whole. The State proportion will be equal to one-half the percentage which its per capita income is of the national per capita income. For example, a State whose per capita income is only 80 percent of the national per capita income would contribute 40 percent of its expenditures for assistance; the Federal share would be 60 percent in this State. All States whose per capita income falls below two-thirds of the national per capita income will pay 33⅓ percent of assistance costs from State and local funds and will receive 66⅔ percent of such costs from Federal funds.

No change in relative State and Federal shares of assistance payments is proposed for the States with per capita income equal to or greater than that for the Nation. In no State will the increased Federal share apply to individual payments in excess of $60 in old-age assistance and aid to the blind, and, in aid to dependent children, in excess of $27 for the first child in the home and $18 for each additional child. Though the Federal Government stands ready to pay a larger percentage of the cost of individual payments in low than in high-income States, it will not contribute a larger sum to any payment in low-income States than in those with relatively more resources.

The bill provides that the relative State and Federal shares shall be published by the Social Security Board in even-numbered years, to take effect the following July, so that the public-assistance agencies and State legislatures will have ample time to plan their requirements and to make appropriations. Legislatures in 39 States meet only every other year in odd-numbered years. Such shares shall be determined on the basis of the per capita income figures determined by the Department of Commerce and shall be computed from figures for the three most recent years for which data are available. The percentages of Federal and State participation, based on per capita income data for the 3 years 1941 to 1943, are given for each State in table 1.

The variable matching formula would give additional Federal funds, varying in amounts, to 31 States. These States and the proportion of Federal assistance funds under H. R. 6911 are as follows:

Federal proportion under H. R. 6911

Alabama	66⅔
Arizona	59
Arkansas	66⅔
Colorado	53
Florida	60
Georgia	66⅔
Idaho	55
Iowa	53
Kansas	54
Kentucky	66⅔
Louisiana	66⅔
Maine	53
Minnesota	56
Mississippi	66⅔
Missouri	56
Nebraska	57
New Hampshire	58
New Mexico	66⅔
North Carolina	66⅔
North Dakota	57
Oklahoma	66⅔
South Carolina	66⅔
South Dakota	60
Tennessee	66⅔
Texas	62
Utah	52
Vermont	57
Virginia	59
West Virginia	66
Wisconsin	52
Wyoming	52

Both H. R. 6911 and H. R. 7037 contain provisions relating to World War II veterans and unemployment compensation for maritime workers.

There is another big difference, however, between H. R. 6911 and H. R. 7037. H. R. 6911 provides an increase in the Federal contribution of from $20 to $30 to those States which will match same, while H. R. 7037 increases the Federal contribution to $25. In order that the Members may see just how H. R. 6911 would apply to each State, I am inserting below the amount of Federal expenditures for old-age assistance to each State in the 1943–44 period, and the amount which would be provided by H. R. 6911:

Old-age assistance from Federal funds in 1943–44 and under H. R. 6911

State	1943–44	H. R. 6911	H. R. 6911 increase to each State
Total	$326,870,000	$428,444,000	$101,574,000
Alabama	2,325,000	4,650,000	2,325,000
Alaska	253,000	273,000	20,000
Arizona	2,185,000	3,153,000	968,000
Arkansas	2,470,000	4,944,000	2,474,000
California	36,522,000	52,038,000	15,517,000
Colorado	8,907,000	11,390,000	2,482,000
Connecticut	2,798,000	3,090,000	292,000
Delaware	139,000	139,000	0
District of Columbia	497,000	501,000	4,000
Florida	4,272,000	6,414,000	2,142,000
Georgia	4,412,000	8,827,000	4,415,000
Hawaii	171,000	171,000	0
Idaho	1,683,000	2,055,000	373,000
Illinois	24,609,000	25,706,000	1,097,000
Indiana	8,601,000	8,601,000	0
Iowa	8,268,000	9,446,000	1,177,000
Kansas	4,617,000	5,706,000	1,089,000
Kentucky	3,408,000	6,816,000	3,408,000
Louisiana	4,633,000	9,457,000	4,824,000
Maine	2,273,000	2,564,000	291,000
Maryland	1,884,000	1,919,000	35,000
Massachusetts	16,261,000	20,236,000	3,975,000
Michigan	14,742,000	15,179,000	437,000
Minnesota	9,658,000	12,299,000	2,638,000
Mississippi	1,462,000	2,922,000	1,461,000
Missouri	13,382,000	17,031,000	3,648,000
Montana	1,886,000	1,946,000	60,000
Nebraska	3,948,000	5,236,000	1,283,000
Nevada	457,000	528,000	72,000
New Hampshire	1,082,000	1,496,000	414,000
New Jersey	4,003,000	4,203,000	200,000
New Mexico	920,000	1,846,000	926,000
New York	20,205,000	22,458,000	2,253,000
North Carolina	2,276,000	4,549,000	2,273,000
North Dakota	1,380,000	1,865,000	485,000
Ohio	21,390,000	21,710,000	320,000
Oklahoma	11,409,000	22,812,000	11,403,000
Oregon	3,525,000	3,731,000	206,000
Pennsylvania	14,872,000	15,250,000	378,000
Rhode Island	1,271,000	1,339,000	69,000
South Carolina	1,667,000	3,336,000	1,669,000
South Dakota	1,796,000	2,695,000	899,000
Tennessee	3,693,000	7,380,000	3,686,000
Texas	22,357,000	36,509,000	14,153,000
Utah	2,828,000	3,452,000	625,000
Vermont	627,000	831,000	204,000
Virginia	1,185,000	1,706,000	521,000
Washington	13,537,000	15,582,000	2,045,000
West Virginia	1,741,000	3,380,000	1,639,000
Wisconsin	7,743,000	8,383,000	641,000
Wyoming	640,000	694,000	53,000

While H. R. 7037 provides a freezing of the social security tax rate, H. R. 6911 provides that the social security tax rate be modestly increased. That, too, was recommended by the supporting staff which the Ways and Means Committee employed. Along with the recommendations of the committee's technical staff and of the social security order, I hold it imperative that the social security tax rate undergo a gradual increase. Other Members, however, may feel differently about this question. Surely this simple question of whether the social security tax rate should be increased is not too complicated for the Congress to pass judgment upon it. I see no reason why we should deny or shield ourselves the responsibility of reaching a decision upon the question apart from other considerations. If the rule is amended so as to permit it, the majority could easily determine this question. That is our right and that is our responsibility.

Mr. Speaker, I see no reason why we should be asked to delegate all responsibility for righting the country's social-security laws to one committee and then gag our own selves out of an opportunity to represent the will of our constituents on so vital a subject.

EXTENSION OF REMARKS

Mr. VOORHIS of California asked and was given permission to extend his remarks in the RECORD and include a letter and a petition.

Mr. WHITE. Mr. Speaker, on June 13, at page 6882 of the RECORD, and on June 14, at page 6971 of the RECORD, I was given permission to extend my remarks. I ask unanimous consent to extend that permission granted previously.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

The SPEAKER. Under previous order of the House, the gentlewoman from Massachusetts is recognized for 3 minutes.

DISABLED VETERANS

Mrs. ROGERS of Massachusetts. Mr. Speaker, the following telegram has come to me from Mr. W. C. Hushing, chairman, national legislative committee, American Federation of Labor:

Because of the fact that many of our million and a half members who served in the armed services are amputees and as a humanitarian act of justice to all amputees the American Federation of Labor approves H. R. 6304 now before the House Committee on World War Veterans legislation and hopes that you will use every effort possible to secure enactment by Congress.

Mr. Speaker, the American Federation of Labor has endorsed this measure a number of times and, as was stated, has done a great deal of work for it just as have members of the CIO. Mr. Speaker, the chairman of the Committee on World War Veterans' Legislation said that he is going to call the members of the committee together and has received permission from the House for the committee to sit while the House is in session in order to consider legislation for the amputees and paraplegics.

Mr. Speaker, while we were at war these halls rang and rang and rang with speeches about our love and gratitude to our veterans we promised so much. Mr. Speaker, today, these halls ring, ring, and ring with speeches about loans to England and loans to other countries and gifts to other countries, about our debt to other countries, and there are hours and hours and hours of debate upon those measures and the benefits that should be given to other countries. What about the debt to our own? Even our Committee on World War Veterans' Legislation spent an entire morning 2 days ago on legislation to help the Filipino. That was administration "must" legislation. What is being done for our own amputees? The administration should make that "must" legislation.

Mr. Speaker, our disabled are being forgotten during this past year. We are doing very little in the way of benefits for them. We spend no time in debate upon them. Comparatively, we have done so much more for the able-bodied than for the disabled. They are our first duty and our great and endless responsibility. They ought to be our first privilege and not just a duty or an obligation. Mr. Speaker, I hope this will be the last speech I will have to make in appealing for help for the amputees and the paraplegics, the men whom it will be too late to help as they should be helped. These men need proper conveyances at once in order to get to and from their work. Many of these boys are not going to be able to wear their artificial legs for 2 years.

The Veterans of Foreign Wars have suggested a bill which I introduced today and which they call the VFW's bill for amputees and which they endorse. Its objective is the same as 6304 only they leave out the cash payment provision of 6304. The bill reads as follows. They are forward looking as always:

A bill to authorize the Administrator of Veterans' Affairs to furnish funds for the purchase of an automobile by certain disabled veterans and for other purposes

Be it enacted, etc., That there shall be available to any veteran having a service incurred disability due to loss, or loss of use of, one or more limbs, a credit not to exceed $1,500 toward the purchase price of an automobile, which amount shall be payable to the seller by the Veterans' Administration upon the submission of evidence as to the value of the automobile involved, the terms of the sales agreement, and evidence that a good title will pass to the veteran upon complete settlement of the purchase price: *Provided*, That the Administrator may issue such rules and regulations as may be appropriate to accomplish the purpose of the act which is to facilitate the rehabilitation of such veterans by enabling them to purchase an automobile for their own use: *And provided further*, That only one such payment on the purchase price on an automobile shall be made for the benefit of any one veteran.

SEC. 2. The penal provisions under Public Law No. 2, Seventy-third Congress, as amended, shall be for application under this act.

The SPEAKER. The time of the gentlewoman from Massachusetts has expired.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for another minute.

The SPEAKER. Without objection, the gentlewoman may proceed for an additional minute.

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I hope I will not have to ask for any more time upon this subject after this.

Mr. RAMEY. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Ohio.

Mr. RAMEY. Is the Committee on World War Veterans' Legislation going to meet tomorrow morning? I have not been notified, but I understand that the committee is going to meet tomorrow morning.

Mrs. ROGERS of Massachusetts. I hope so, in order that a bill may be brought up and passed. A bill for this purpose has been before the committee for months. May I say to the gentleman from Ohio that it is incredible to me that something should not be done to rehabilitate these veterans. In 2 years the stumps of their legs will be in better condition and they may then perhaps be able to walk to their jobs. By then they may have better artificial legs. Many can never walk. It is just a matter of rehabilitation, a matter of their treatment. The condition of the servicemen's amputations are different from that of civilian amputations. Their injuries are different and last longer. Many doctors and many persons in the armed services have expressed a great hope that this bill will pass. It is just a question of giving the men prosthetic appliances, an added crutch for awhile. I do not and cannot believe that the Congress will adjourn sine die without doing justice or at least a measure of justice to these men. Persons stop me and ask, Has Congress a heart? This is not a matter of just the heart. It is a matter of the head. But has Congress a heart? Has it?

The letter referred to is as follows:

JUNE 26, 1946.

Representative EDITH NOURSE ROGERS,
House Office Building,
Washington, D. C.

MY DEAR MRS. ROGERS: Regarding your bill now before Congress which would provide, at Government expense, specially equipped automobiles for amputees and paralyzed veterans of World War II.

As delegate to the county convention on the Democratic Party ticket to represent ward 1, district 44 here in Detroit; I speak not only for myself but for all the people in my ward and district, when I say that we heartily approve of this bill.

I have, at various meetings, asked the people of my county to write to their Congressmen in favor of your bill. Naturally, I have also written personally to my own Congressman, GEORGE D. O'BRIEN, pleading for the passage of this bill.

Inasmuch as I feel that you did an unusually fine thing to introduce this bill, I wish to give you all the support I can. Please advise in what manner I can further help.

Sincerely,

DOROTHY SCHOENBRUN.

DETROIT, MICH.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2142. An act to provide for two heads of departments of military science and tactics in the public schools of the District of Columbia; and

S. 2352. An act to authorize increases in the salary rates of teachers, school officers, and other employees of the Board of Education of the District of Columbia whose pay is fixed and regulated by the District of Columbia Teachers' Salary Act of 1945, as amended.

BILLS PRESENTED TO THE PRESIDENT

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 1151. An act for the relief of the legal guardian of James Lemuel Muzzall, a minor;

H. R. 1754. An act for the relief of Edwin Doyle Parrish;

H. R. 4590. An act to authorize the use by industry of silver held or owned by the United States, and for other purposes;

H. R. 4616. An act for the relief of the Maryland Sanitary Manufacturing Corp. of Baltimore, Md.;

H. R. 5025. An act for the relief of Mrs. Opal Riley and Robert R. Riley;

H. R. 5053. An act for the relief of the estate of Jasper A. Mealer;

H. R. 5508. An act to authorize the return of the Grand River Dam project to the Grand River Dam Authority and the adjustment and settlement of accounts between the Au-

thority and the United States, and for other purposes;

H. R. 6371. An act to amend certain provisions of the National Service Life Insurance Act of 1940, as amended, and for other purposes;

H. R. 6372. An act to amend the Federal Credit Union Act;

H. R. 6532. An act to provide a method for payment in certain Government establishments of overtime, leave, and holiday compensation on the basis of night rates pursuant to certain decisions of the Comptroller General, and for other purposes;

H. R. 6739. An act making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1947, and for other purposes;

H. R. 6885. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, to provide appropriations for the fiscal year ending June 30, 1947, and for other purposes;

H. R. 6983. An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render judgment in any and all claims which the Confederated Salish and Kootenai Tribes of Indians of the Flathead Reservation in Montana, or any tribe or band thereof, may have against the United States, and for other purposes; and

H. R. 7052. An act to amend the Internal Revenue Code, and for other purposes.

ADJOURNMENT

Mr. GORE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 3 minutes p. m.) the House adjourned until tomorrow, Wednesday, July 24, 1946, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10 a. m. on Wednesday, July 24, 1946, for consideration of H. R. 6952.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1473. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1947 in the amount of $600,000 for the Department of Commerce (H. Doc. No. 712); to the Committee on Appropriations and ordered to be printed.

1474. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 17, 1946, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of McCraney Creek, Hadley Creek, Kiser Creek, Six Mile Creek, and Bay Creek, and their tributaries in Pike County, Ill., authorized by the Flood Control Act approved on June 28, 1938 (H. Doc. No. 713); to the Committee on Flood Control and ordered to be printed, with two illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. JARMAN: Committee on Printing. House Concurrent Resolution 160. Concurrent resolution authorizing the printing of the handbook entitled "Laws Relating to the Physically Handicapped" as a House document, and providing for additional copies thereof; without amendment (Rept. No. 2630). Referred to the House Calendar.

Mr. D'EWART: Committee on the Public Lands. H. R. 6896. A bill to grant to the city of Miles City, State of Montana, certain land in Custer County, Mont., for industrial and recreational purposes and as a museum site; with amendment (Rept. No. 2631). Referred to the Committee of the Whole House on the State of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 5361. A bill to permit the city of New York to maintain a road over Federal land; with amendments (Rept. No. 2633). Referred to the Committee of the Whole House on the State of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 5692. A bill to relinquish the mineral rights of the United States under certain lands in the country of Santa Barbara, Calif.; with amendments (Rept. No. 2634). Referred to the Committee of the Whole House on the State of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 7063. A bill to provide for the selection for elimination and retirement of officers of the Regular Army, for the equalization of retirement benefits for members of the Army of the United States, and for other purposes; with amendments (Rept. No. 2635). Referred to the Committee of the Whole House on the State of the Union.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 2637. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. PETERSON of Florida: Committee on the Public Lands. H. R. 5125. A bill to establish the Castle Clinton National Monument, in the city of New York, and for other purposes; with amendment (Rept. No. 2638). Referred to the Committee of the Whole House on the State of the Union.

Mr. RANKIN: Committee on World War Veterans' Legislation. S. 2235. An act to provide a system of relief for veterans, and dependents of veterans, who served during World War II in the organized military forces of the Government of the Commonwealth of the Philippines while such forces were in the service of the armed forces of the United States pursuant to the military order of July 26, 1941, of the President of the United States, and for other purposes; with amendments (Rept. No. 2640). Referred to the Committee of the Whole House on the State of the Union.

Mr. BONNER: Committee on the Merchant Marine and Fisheries submits a report pursuant to House Resolution 38 (79th Cong., 1st sess.), investigation of the Colonial Navigation Co. (Rept. No. 2643). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BLOOM: Committee on Foreign Affairs. House Joint Resolution 387. Joint resolution granting permission to Thomas Parran, Surgeon General of the Public Health Service; Rolla E. Dyer, Assistant Surgeon General, Public Health Service; Howard F. Smith, Assistant Surgeon General, Public Health Service; Herbert A. Spencer, medical director, Public Health Service; Vance B. Murray, medical director, Public Health Service; and Gilbert L. Dunnahoo, medical director, Public Health Service, to accept and wear certain decorations bestowed upon them by France, Cuba, Mexico, Chile, Finland, and Luang-Prabang; without amendment (Rept. No. 2632). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H. R. 1471. A bill for the relief of Nicholas Sevaljevick, now known as Nicholas Hornacky; without amendment (Rept. No. 2639). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H. R. 976. A bill for the relief of Chet Walker; without amendment (Rept. No. 2641). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H. R. 2622. A bill for the relief of George N. Cox, Jr.; without amendment (Rept. 2642). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BIEMILLER:

H. R. 7108. A bill to promote the general welfare of the people of the United States by establishing a publicly supported labor extension program for wage and salary earners, and for other purposes; to the Committee on Labor.

By Mr. CHAPMAN:

H. R. 7109. A bill to amend section 6 of Public Law No. 516 of the Seventy-ninth Congress, approved July 16, 1946; to the Committee on Interstate and Foreign Commerce.

By Mr. KEFAUVER:

H. R. 7110. A bill to promote the general welfare of the people of the United States by establishing a publicly supported labor extension program for wage and salary earners, and for other purposes; to the Committee on Labor.

By Mr. WHITE:

H. R. 7111. A bill to provide for the protection of forests against destructive insects and diseases, and for other purposes; to the Committee on Agriculture.

By Mr. FARRINGTON:

H. R. 7112. A bill to amend section 307 of chapter XV, Public Law No. 299, of August 7, 1939, providing for the administration of the United States courts (53 Stat. 1223; title 28, sec. 449, U. S. C.); to the Committee on the Judiciary.

By Mrs. DOUGLAS of California:

H. R. 7113. A bill to promote the general welfare of the people of the United States by establishing a publicly supported labor extension program for wage and salary earners, and for other purposes; to the Committee on Labor.

By Mr. SMITH of Virginia:

H. R. 7114. A bill to amend the act entitled "An act to regulate within the District of Columbia the sale of milk, cream, and ice cream, and for other purposes," approved February 27, 1925; to the Committee on the District of Columbia.

By Mrs. ROGERS of Massachusetts:

H. R. 7115. A bill to authorize the Administrator of Veterans' Affairs to furnish funds for the purchase of an automobile by certain disabled veterans, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. JARMAN:

H. Con. Res. 163. Concurrent resolution authorizing the printing of a revised edition of the Biographical Directory of the American Congress up to and including the Eightieth Congress; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DOLLIVER:

H. R. 7116. A bill for the relief of the Garner Auto Co.; to the Committee on Claims.

By Mr. FARRINGTON:

H. R. 7117. A bill for the relief of Mrs. Lo Chin Shee; to the Committee on Immigration and Naturalization.

By Mr. KING:

H. R. 7118. A bill for the relief of Mrs. Helen Almond; to the Committee on Claims.

By Mr. ROGERS of New York:

H. R. 7119. A bill for the relief of Mrs. Shizuye Mayemura and Atsuko Mayeda; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2120. By Mr. VOORHIS of California: Petition of Frances Muir Pomeroy and 23 others, all citizens of California, urging passage of legislation by Congress (H. J. Res. 325), which would authorize the President and Secretary of Agriculture to issue directives preventing the use of grain for beverage purposes until the world's food shortage is relieved; to the Committee on Agriculture.

2121. Also, petition of Mae Robinson and 43 others, all citizens of Kansas, urging passage sage of legislation by Congress (H. J. Res. 325), which would authorize the President and Secretary of Agriculture to issue directives preventing the use of grain for beverage purposes until the world's food shortage is relieved; to the Committee on Agriculture.

SENATE

WEDNESDAY, JULY 24, 1946

(Legislative day of Friday, July 5, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Edward Gardiner Latch, D. D., minister, Metropolitan Memorial Methodist Church, Washington, D. C., offered the following prayer:

O eternal God, who art man's rock of refuge in every age, without whom no one is strong and no one is secure, we pray that our lives may be built not upon the shifting sands of those who hear Thy word and do it not but upon the eternal rock of those who hear Thy word and do it daily. So we dedicate ourselves to Thee in body, in mind, and in spirit.

Keep our hearts, O God, in the realm of the spirit where love abides, where wisdom abounds, where insight is inspiration, and where desire is devotion to the highest. Help us courageously to contend against all evil, to make no peace with oppression, to be just to all men, and to so use our freedom that men everywhere may be free. By Thy spirit may we learn to love mercy, do justly, and walk humbly with Thee.

We pray in the name of Him who ever summons us to life that is noble and true and just, our Lord and Master, Jesus Christ. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar days Monday, July 22, and Tuesday, July 23, 1946, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 1466. An act authorizing rehabilitation on the island of Guam; and

S. 2246. An act to authorize the Secretary of the Navy to acquire in fee or otherwise certain lands and rights in land on the island of Guam, and for other purposes.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 5590) to provide for the uniform administration of efficiency ratings.

The message further announced that the House had severally agreed to the amendments of the Senate to each of the following bills of the House:

H. R. 5311. An act to amend Revised Statutes, 4921 (U. S. C. A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of compensation for infringement; and

H. R. 5911. An act to establish an Office of Naval Research in the Department of the Navy; to plan, foster, and encourage scientific research in recognition of its paramount importance as related to the maintenance of future naval power, and the preservation of national security; to provide within the Department of the Navy a single office, which, by contract and otherwise, shall be able to obtain, coordinate, and make available to all bureaus and activities of the Department of the Navy, world-wide scientific information and the necessary services for conducting specialized and imaginative research; to establish a Naval Research Advisory Committee consisting of persons preeminent in the fields of science and research, to consult with and advise the chief of such office in matters pertaining to research.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 78) for the relief of the estate of William Edward Oates.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2091) for the relief of Joseph E. Bennett.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4718) to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide annuities for certain officers and employees who have rendered at least 25 years of service.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 305) providing for membership and participation by the United States in the United Nations Educational, Scientific, and Cultural Organization, and authorizing an appropriation therefor.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 6702) to clarify the rights of former owners of real property to reacquire such property under the Surplus Property Act of 1944; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MANASCO, Mr. WHITTINGTON, Mr. HART, Mr. HOFFMAN of Michigan, and Mr. BENDER were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 4051) to grant to enlisted personnel of the armed forces certain benefits in lieu of accumulated leave; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MAY, Mr. THOMASON, Mr. BROOKS, Mr. ARENDS, and Mr. CLASON were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 160) authorizing the printing of the handbook entitled "Laws Relating to the Physically Handicapped" as a House document, and providing for additional copies thereof, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on July 23, 1946, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 346. An act to amend section 21 of the act of May 28, 1896 (29 Stat. 184; 28 U. S. C., sec. 597) prescribing fees of United States commissioners;

S. 920. An act to fix the salaries of certain judges of the United States;

S. 1801. An act authorizing the appointment of an additional judge for the district of Delaware;

S. 2142. An act to provide for two heads of departments of military science and tactics in the public schools of the District of Columbia;

S. 2352. An act to authorize increases in the salary rates of teachers, school officers, and other employees of the Board of Education of the District of Columbia whose pay is fixed and regulated by the District of Columbia Teachers' Salary Act of 1945, as amended;

S. 2372. An act to authorize the Secretary of the Interior to construct the Lewiston Orchards project, Idaho, in accordance with the Federal reclamation laws; and

S. J. Res. 4. Joint resolution authorizing the erection on public grounds in Springerville, Ariz., of a memorial to Gustav Becker.